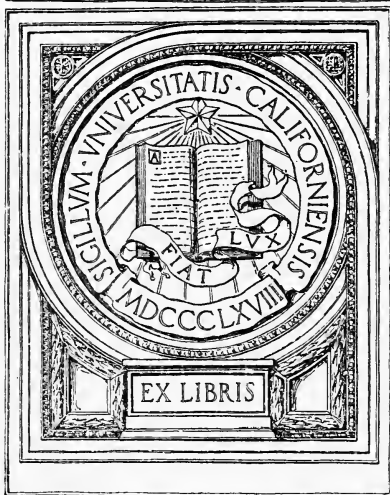


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REPORT
OF THE
SPECIAL TAX COMMISSION

OF THE
STATE OF KENTUCKY

1912-14

W. O. DAVIS - - - *Chairman*
ELWOOD HAMILTON - - *Secretary*
W. B. MOODY W. A. FROST
L. C. OWINGS
CARL C. PLEHN, *Expert and Adviser.*



112-9877

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112-9877

LETTER OF TRANSMITTAL

Frankfort, Ky., December, 1913.

To the Honorable,
The General Assembly of the
Commonwealth of Kentucky.

Gentlemen: The State Tax Commission appointed in conformity with the provisions of House resolution number twenty-four of the regular session of the General Assembly of 1912, approved March 15, 1912, to "investigate revenue and taxation in this State and recommend a plan for the revision thereof," begs to submit its report.

Respectfully,

W. O. DAVIS, Chairman,
ELWOOD HAMILTON, Secretary,
W. B. MOODY,
W. A. FROST,
L. C. OWINGS,

CARL C. PLEHN, Expert and Adviser.

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INTRODUCTION

The resolution creating the Commission.

House Resolution No. 24, passed by the last General Assembly and approved by Governor James B. McCreary, March 15, 1912, provided for the appointment of a State Tax Commission. It was to be composed of five members, two to be appointed by the Speaker of the House from among the members of the House of Representatives, two by the President of the Senate from among the members of the Senate, and one by the Governor from the State at large.

Appointment of the Commissioners.

The Speaker of the House, the Hon. Claude B. Terrill, appointed as the two members from the House, P. L. Atherton, of Louisville, and Elwood Hamilton, of Frankfort. Mr. Atherton subsequently resigned on account of ill health, and L. C. Owings, of Jefferson county, was appointed in his place. The President of the Senate appointed as the two members from the Senate, W. B. Moody, of Henry county, and W. A. Frost, of Graves county, and His Excellency, the Governor, appointed W. O. Davis, of Woodford county, as the member from the State.

Organization and meetings.

The Commission first met at Frankfort on the 7th day of May, 1912, and organized by electing W. O. Davis, Chairman, and Elwood Hamilton, Secretary. It then immediately began its investigation of the system of Revenue and Taxation in Kentucky, as well as the systems of other States. It has held sixteen formal meetings and many other informal conferences for the purpose of consultation and interchange of views. It also undertook to ascertain the need of tax reform by conferences with citizens from various parts of the State, representing various industries. Two of its members attended the National Tax Conference, which convened at Des Moines, Iowa, September 3 to 6, 1912, for the purpose of securing information from the Tax Commissioners and Tax Officials of other States relative to the workings of their tax laws, and also for the purpose of securing a tax expert to assist them in their labors, as they were authorized and

directed to do in the resolution creating this Commission. Members of the Commission, also, visited other States and conferred with the Commissioners thereof.

The appointment of expert.

After a careful and thorough search, the Commission secured the services of Prof. Carl C. Plehn, of Berkeley, California, as its Tax Expert. Prof. Plehn is Professor of Finance and Statistics in the University of California and was the expert of the California Tax Commission in 1906, which reformed the tax system of that State. He has since that time been retained as Advisor of the Tax Board under the employment of the State government. The Commission feels that it was especially fortunate in securing and having the assistance and counsel, in their labors, of one so well equipped, by reason of his exhaustive researches and ripe experience in the field of taxation, as Prof. Plehn.

The work of the expert.

His labors, since his employment, have been most thorough and intelligent. He first familiarized himself with our tax system, and the defects of its administration, by investigations conducted in various ways and places. He gathered a large amount of data from a number of counties and from the records and files in the Auditor's office, all of which required arduous and painstaking labors. A large part of the data and statistics gathered by him will be found in the report. Much more data than are here presented were collected. That is to say, Professor Plehn collected data as to the possibility or impossibility of many different lines of reform, and when the results were negative, showing that any given line was impossible or inadvisable, the data relating thereto were cast aside. Only those things which seemed to be of positive constructive value were retained, and are printed here. On August 1, Prof. Plehn, at the request of the Commission, made to it a preliminary report, embodying his findings and recommendations regarding the tax system in Kentucky. This was an able and exhaustive resume of existing conditions, together with suggested remedies, all of which, after careful consideration by the Commission, have been elaborated in this report.

The constitutional amendment.

At the November election the proposed amendment to Section 171 of the Constitution, permitting the classification of property for taxa-

tion, and exempting the bonds of the State, counties, municipalities, school and other taxing districts from taxation, was submitted to the people. It was carried by a large majority, showing clearly on the part of the people a desire to place Kentucky abreast of the more progressive States of the Union in matters of taxation. We feel that the people of the State are to be congratulated upon this wise step. Although, at present writing, it is unfortunately very uncertain whether on account of the failure to observe certain technicalities the amendment will become a part of the Constitution, nevertheless, the will of the people has been most emphatically expressed. They want tax reform and they believe in this particular line of tax reform.

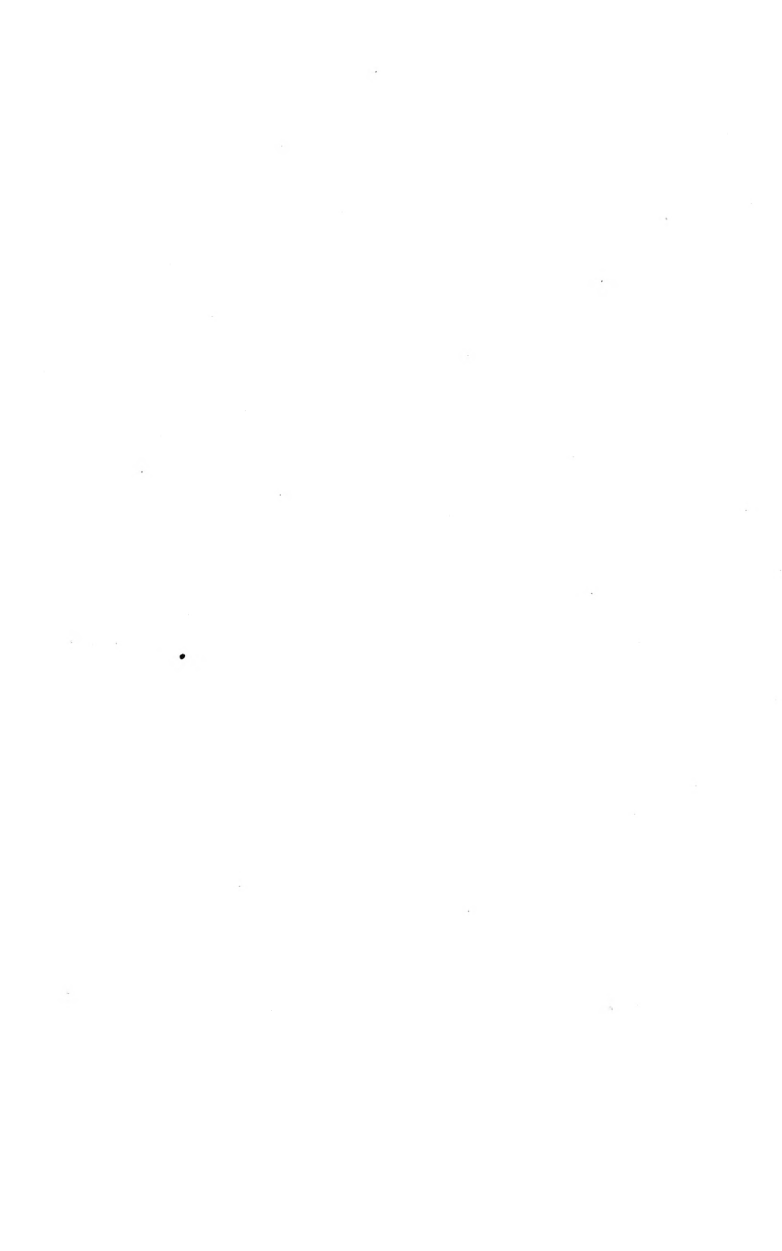
The preliminary report of the Commission.

The resolution creating this Commission directs it to make two reports of its findings. The preliminary report required, was made to the Governor on the 12th of February, 1913. This was for the information of the public, and to be used as a basis for study and investigation, before voting on the proposition of amending the Constitution for tax revision at the November election. The Commission had five thousand (5,000) copies of this report printed and distributed throughout the Commonwealth, and also had extracts from and synopsis of the report furnished to the newspapers for publication.

The final report.

The said resolution, after providing for this preliminary report, contained this language: "Said Commission shall also make *a full report* to the General Assembly of one thousand, nine hundred and fourteen, whereupon the existence of the Commission shall terminate. "

In obedience to these instructions, the Commission begs now to submit its full and final report.



THE RECOMMENDATIONS

The recommendations and the reasons therefor are fully set forth in the following pages of this report. They are finally embodied in drafts of several proposed bills. They may be summarized as follows:

1. It is proposed to establish a permanent Central Tax Commission in charge of all taxation in the State and responsible for the just administration of the tax laws, which shall specifically:

a. Have and exercise strict supervision over the local assessment officers, instruct and guide them in all their work, and after the term of office of the County Assessors recently elected has expired, to organize a corps of expert assessors, under civil service rules, to take the place of the one hundred and twenty County Assessors who now work without supervision, instruction or training. Create larger assessment districts by the combination of counties into groups, so that assessors shall have work enough to occupy them the year round.

b. Take the place of the present State Board of Equalization.

c. Exercise control over the local boards of supervisors and to guide them in their work.

d. Do the work of assessing railroads, franchises, bank stock and other property now assessed by ex-officio boards.

e. Look after the license taxes, inheritance taxes and all other taxes.

2. To change the law so that the initiative in finding and assessing the property shall lie with the Assessor and the State Tax Commission, making it less necessary to depend upon the taxpayer's statement, although that statement much simplified in form is still retained.

3. To provide that the Assessor shall be adequately equipped with tools to work with, especially with adequate maps, so that all property shall be assessed and equitably assessed.

4. To provide that the work of completely revaluing and assessing of real estate shall be done but once every four years, with a view to:

a. Greater thoroughness.

b. Saving of expense.

5. To amend the law relative to assessments made at present by the State Board of Valuation and Assessment (to be succeeded by the State Tax Commission) for three purposes:

a. To correct certain infelicities in the language of the statutes which have tied the hands of the Board and led to serious litigation.

b. Increase the powers of the assessing officers, so that the assessments may be more equitable and just.

c. To extend the franchise tax to *all* franchises.

6. To actually raise the assessment of all property up to its full cash value.

7. As soon as purpose six is effected, to limit the powers of local boards to fix the tax rates, so that the taxpayer can feel assured that he will not be over-taxed, but such limits may be exceeded by special vote of the people.

8. To so amend the laws relative to the collection of taxes that there can be a proper audit, and to make it practically impossible for dishonest officials to collect money under the guise of taxes, which never goes into the public coffers.

9. To abolish the "tax sharks," by giving the delinquent taxpayer ample opportunity to redeem his property, and then if he still fails to pay, turning the property over to the State, so that the profit, if any, resulting shall be for the benefit of all the people and not for the enrichment of a few (often non-resident) sharpers.

10. Ultimately to comply with the mandate of the people expressed through their approval of the constitutional amendment, by exempting public bonds, and making securities, or, in other words, mortgages, bonds and other *choses in action*, a special class of property to be taxed by a method which will bring them out of hiding. How soon this can be done depends on the decision in the case now pending before the Court of Appeals.

11. To remove all necessity for revenue agents, and abolish them.

12. To revise entirely all of those chapters of the revenue law which relate to the taxation of property in general to the following ends:

a. To insert in their proper place the new provisions, and

b. To make the arrangement logical and clear.

The old law has been patched onto at various times in such fashion that it now contains some contradictions, many useless repetitions, and is badly arranged.

Part I.

**GENERAL DESCRIPTION
OF THE
PRESENT TAX SYSTEM**

CHAPTER I.

THE GENERAL PROPERTY TAX

For the information of persons not already familiar with the present tax system of Kentucky, it seems proper to commence this report with a brief description of the aims and of the provisions of the present law.

Taxable estates.

It is the aim of the present law that every person should be taxed in proportion to the value of his estate. Under taxable property is, therefore, included: real estate, tangible personal property such as horses, cattle, furniture and all other goods and chattels, intangible personal property such as franchises, and also money and choses in action, such as mortgages, notes, stocks, bonds and other funds or securities, except stocks and bonds of Kentucky corporations taxed in Kentucky.

Money, mortgages and other credits.

The important thing to note in this definition of taxable property is that the aim of the law is to tax both the property, concretely considered, such as land, and also, and in addition thereto, the mortgages, securities and the like which stand for and represent the property. This is a theory of taxation, once widely held, but now abandoned in many States of the Union. It is the opinion of this Commission that the taxation of a piece of property at its full value and the taxation at the same rate of a mortgage (or other security) standing for and representing the same property is an objectionable form of double taxation. This is discussed more fully in another place.

Assessment by County Assessors.

For the purpose of taxation, all property is to be assessed by the County Assessors, except certain classes of property noted below which are to be assessed by a State Board of Valuation and Assessment, composed of certain State officers acting ex-officio. The County

Assessors are elected, one in each of the one hundred and twenty counties, and serve for four years. They are not eligible for re-election. They are paid by certain fees reckoned upon the valuation of the property assessed by them in their counties. It costs, to pay them, over one hundred and forty thousand dollars each year.

Taxpayers' "statements" and oaths.

Every person having taxable property is required by law to file with the Assessor a list or "statement" of his property. He is also required to swear to the correctness and completeness of the statement. The law provides the most elaborate conceivable rules and penalties for enforcing these taxpayers' oaths. It would appear from the elaborateness of these rules that the entire structure of the assessment work rests on the assumption that *everybody* will make a true statement. Hence, the law prescribes even the form of the taxpayer's oath. In it he must swear that he has given in "all and every species of property belonging to" him, "subject to taxation" * * * "including money, notes, bonds or other evidence of debts," * * * and that he "will value" his "property at its fair cash value."

Dire pains and penalties are provided for all who refuse to list their property or refuse to take the oath. Dire pains and penalties confront the Assessor who fails to administer the oath to any taxpayer. With all, as we shall see, these provisions are ineffective. By common consent the law is universally evaded. As Professor Daniels says in his book on Public Finance (page 123):

Some States have sought to uncover personal property through the machinery of oaths, affidavits, and the like. The effectiveness of such laws is inconsiderable. If Jove laughs at lovers' vows, he probably guffaws at taxpayers' oaths. Even the Psalmist's hasty allegation of universal mendacity needs little qualification in this province of finance. Where the taxpayer's conscience is tender he finds (as one has put it) that virtue is perforce its own reward. This phase of the system is described in one tax report as "a tax upon ignorance and honesty"; and in another report we are told that "the payment of the tax on personalty is almost as voluntary and is considered in pretty much the same light as donations to the neighborhood church or Sunday-school.

The elaborate schedule.

The schedule to be filled in by the taxpayer contains one hundred items beginning with: "1. Amount of bonds, number and denomina-

tion of bonds and value thereof" and ending with "100. Number of dogs over four months of age and description of same." As pointed out in the Report of this Commission to the Governor, the last item is more productive of revenue than the first.

Despite all these precautions, the Legislature seems to have had some doubts as to the "honor of a Kentucky gentlemen," for it provides that the Assessor may fix a different value on property from that to be sworn to by the taxpayer, and as we shall see later sends out spies to find property not reported.

Preparing the assessment book.

The theory of the law is that the Assessor shall actually gather up the sworn statements of all taxpayers, take them to his office, arrange them in alphabetical order and copy the facts therefrom into the assessment book.

The County Board of Supervisors.

When the Assessor has written these up nicely in the book, he turns the book over to the County Clerk, who checks up the figures and then lays it before the County Board of Supervisors. These are five (in counties where there are cities, two or three more) "intelligent, discreet housekeepers and owners of real estate" appointed each year by the County Court. They also take a solemn oath. They convene in two sessions of from six to twenty days, according to the size of the county, with an interval between. They receive three dollars per day for their services. They are supposed to go all over the Assessor's work and check it up; to equalize assessments that are not already equal; to assess property omitted, and to hear complaints of taxpayers who may be aggrieved.

The State Board of Equalization.

This work completed, a report thereof is sent to Frankfort, where there assembles the State Board of Equalization. This Board is composed of "one person from each appellate district of this State," seven in all, appointed by the Governor; together with the Auditor of Public Accounts. Each must be over thirty years old and "*he* shall be a housekeeper and shall be the owner in fee of real estate located in this State." The members of this Board hold office one year, but are in actual session about ninety days. They are paid five dollars per day

during their sessions. They cost the State over six thousand dollars in the year 1911.

The transcript of transfers.

This Board receives from the County Clerks "tabulated statements of the sales of real estate" with "the price paid," etc. The theory is that these will show the true value of the land. The fact is, that as deeds now seldom state the true consideration, these statements contain little information of importance.

Equalization between counties.

The State Board of Equalization then proceeds to "equalize" between counties by adding to or deducting from the value of the property as assessed such percentages as will make the value conform to the true value in money. Whenever they intend to raise a county, they send notice of that intention to the county, and the County Court may send representatives to object. The same procedure is followed in case of a proposed reduction. But this is obviously unimportant.

This completes the assessment of property that is to be entered on the county assessment rolls.

State assessments.

Meanwhile, the State Board of Valuation and Assessment and the Railroad Commission have been at work assessing other classes of property. These are: (1) the physical or tangible property of railroads valued and assessed where it lies in the State by the Railroad Commission; (2) all franchises, bank shares, and distilled spirits assessed by the State Board of Valuation and Assessment.

The State Board of Valuation and Assessment is composed of the Auditor of Public Accounts, the State Treasurer and the Secretary of State.

Franchises.

Franchises are, according to the provisions of the Statutes, to be assessed in a manner which practically defines the term as the equivalent of the corporate excess or all intangible property. It is the difference between the value of the entire corporate entity as a going concern and the value of the tangible property. The value of the entire corporate property, tangible and intangible, may be ascertained by

considering the value of the stocks and bonds which stand for and represent the property, or by considering the earnings of the business.

The property assessed by the State Board of Valuation and Assessment is then apportioned to the counties and districts where it lies, and there subject to local taxation as is other property.

Character of State assessments.

For a number of years the assessment of property by the State Board of Valuation and Assessment, and more especially that of franchises, seems to have been made in a somewhat *pro forma* and technical manner. It has been the general impression that the assessments were too low until two years ago. This Commission feels that high commendation is due to the present Board of Valuation and Assessment for the zeal shown in enforcing the law in the past two years. That the increases in the assessments on franchises, which were especially heavy, have resulted in some litigation is not unnatural.

Sheriff collects taxes.

When all property has been assessed, and the fiscal courts have fixed the tax rates, the Sheriff proceeds to collect the taxes. The State tax rate has for many years remained unchanged at fifty cents per hundred dollars of assessed valuation. The local tax rates vary more frequently and are very different in the different counties. The State rate is what is technically known as a proportioned rate, fixed that is, regardless of the amount of the assessment and hence somewhat without regard to the amount to be raised. The local tax rates are more nearly "apportioned," that is, some consideration is given to the ratio of the amount it is desired to raise to the size of the assessment roll.

The assessment roll no longer a warrant.

Contrary to the practice in most States and to the almost universal theory of tax law in this country, the assessment roll has ceased, except in theory, to be the warrant for the collection of taxes in Kentucky. When this occurred, we have not ascertained, for the fact that it now is so, is more important than its origin. That it was not always so is shown by phrases in the statute, apparently coming down from the past, which read, "and shall be the warrant of authority to the sheriff or collector for the collection of taxes as therein set forth." But curiously enough there is no rigid requirement that the "taxes" shall set forth in the assessment book. Generally the roll stops with the assessed value. The Sheriff formerly made out tax bills, and when

enforced collection had to be made, the law provided for the issue of special individual tax warrants. By a recent statute the County Clerk makes out the bills and gives them to the Sheriff for collection. This is a mere shifting of clerical work. It does not create a proper warrant. The absence of a full and complete warrant of authority still remains. Through this gap in the audit system, cartloads of public money can be diverted into dishonest pockets, and some has been. That not more has been stolen than has been, only demonstrates the generally high character of the county officials. The government has no adequate means of establishing a claim to all money collected by the Sheriff, nor has the Sheriff any adequate means of defense against an accusation that he has collected money and not turned it over.

Collection of delinquent taxes.

If the taxes are not paid when the period allowed for payment has expired, they become delinquent. Then the penalties and interest begin to accrue. The Sheriff then proceeds to collect by seizure and sale. Property seized is sold at public auction; if no bidder appears, it is knocked down to the "State, county and taxing district having taxes against the delinquent." Certain evils growing out of this method will be discussed later in this report.

"Omitted property."

Although the Legislature has been at great pains to require taxpayers to report their property and has laid strict injunctions upon the Assessors, Boards of Supervisors and the State Board of Equalization to search out and assess all property, it seems to have had premonitions of failure. These premonitions are borne out by the facts. So the Legislature has provided that if the Sheriff shall find out any property not assessed, he may assess it and collect the taxes.

Revenue agents.

But in addition to this precaution, the law provides for "revenue agents." Of these there may be one in each county appointed by the Auditor of Public Accounts and four at large. They have power to "cause to be listed for taxation all property omitted by the Assessor, Board of Supervisors, Board of Valuation and Assessment or Railroad Commission." They are paid by a penalty of twenty per cent. of the taxes recovered as a commission for their services.

In 1912 the Legislature created the office of "Supervisor of Revenue Agents," thus again expressing its dissatisfaction with the tax system in its operation. But we cannot say that the improvements which followed have been fundamental.

It seems fair, therefore, to say that the whole tax system is predicated on the assumption that all property will not be placed on the assessment roll in the first instance.

CHAPTER II.

OTHER REVENUES

I. STATE REVENUES.

Difficulty of compiling data.

In addition to the taxes on property in general, the State has many other sources of revenue.

As stated in our preliminary report, it is not at all easy to present a clear outline of these.

The difficulty lies in the form in which the Auditor's Reports are compiled and printed. These forms are in part traditional, and in part conform to antiquated provisions of the law, which may have at some time or other served some good purpose, but at present lead only to obscurity.

It may be out of our province to take up this matter. But it is very important. The Auditor and his whole staff, as well as the Treasurer and his staff, are a unit in declaring that the general system of accounts needs modernizing. They cannot make many changes because of hampering restrictions of the law. The underlying books are most excellently kept. But the segregations and compilations as published are not clear, nor do they afford the information that the public is entitled to. If this Commission, with the aid of its experienced expert, and the assistance generously furnished by the Auditor's staff, has found so great difficulty in getting the statistical returns necessary, it is certain that the general public will not be able to untangle the reports. We shall be happy to endorse any plan looking toward an improved accounting system.

The revenue and expenditure account.

The main trouble is that there is *no balanced revenue and expenditure account*. There can be none, because the law requires, in some cases, that funds be paid into the treasury and accounted for *en gross*, while in other cases very similar funds are paid in and accounted for *net* only. Again, while in some cases funds are set forth in great detail, in other cases no detailed statement whatever is presented. When printers' errors creep into the published reports, as

they will, in spite of all precautions, there is no way, by counter-balancing, to detect whether the error is in the items or in the total.

Continuing appropriations.

Other bad features are continuing appropriations, without reversion of balances to the treasury, appropriations by inference, appropriations in indefinite amounts. We believe that the statutes flagrantly defy the plain mandate of the Constitution that no money shall be paid out of the treasury without an appropriation.

Aggregate State revenues.

On account of the difficulties above set forth, we feel by no means sure that the figures tabulated below are correct to a cent or even to a hundred dollars, nor that our segregations are in every case proper. But they set forth the main facts correctly enough for present purposes.

We have used the Auditor's published report for 1911 for the purpose of illustrating the general revenue system. The biennial report for 1912-1913 is not printed yet, and if it were, would not be so representative as that for 1911. This is because of the arrearages in the franchise taxes and the litigation thereover. The later figures, if desired, can be found in the Auditor's report, which goes to the Legislature at the same time with this.

A. COMMONWEALTH RECEIPTS FROM TAXES PROPER.

1. The General Property Tax.

"Sheriff's Revenue" 1910	\$ 3,910,480.00
Same, back taxes, 1905-1909	3,219.95
Same, advance payments, 1911	17,033.68
Revenue Agents' collections	15,041.59
Tax on National Banks shares	87,551.85
Tax on State Bank shares	76,474.16
Tax on distilled spirits	145,730.71
Tax on miscellaneous corporations, franchises	89,879.79
Tax on railroads, tangible property	333,180.20
Tax on railroad franchises	221,335.60
Total General Property Tax	\$4,899,927.53

2. License Taxes.

"Clerks"	\$577,796.24
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This contains \$71,155.50 of fees which we have not cut out because not traditionally separated. The items entering into this total are:

Fees (miscalled taxes) for recording deeds, mortgages and powers of

attorneys, for issuing marriage licenses, for seals; licenses for taverns, bars of various classes, distilleries, merchants' druggists' liquor, breweries' agents, bottling, soda fountains, etc., circuses, etc., exhibitions and concerts, theaters, skating rinks, merry-go-rounds, bowling alleys, billiard and pool tables, cane racks, etc., shooting galleries, solicitors of pictures, vendors of spectacles, vendors of stoves, dealers in playing cards, dealers in pistols, pawnbrokers, stamp companies, dealers in tobacco, dealers in petroleum, loan companies, stud licenses, jack licenses, bull licenses, peddlers, patent medicines, piano and organ agents, photographers, railroad eating houses, restaurants, auctioneers, bill posters, wharf boats, feather renovators, real estate agents, sewing machine agencies, laundries, ferrys, fortune-tellers, hack lines, ice-factories, brokers, dealers in oleomargarine, circuit court suits, and sundry others.

Dog taxes, 1909, '10 and '11	\$108,418.09
Tax on wholesale liquor dealers	19,420.00
Tax on rectifiers	49,330.55
Tax on breweries	8,390.00
Corporation license tax	94,664.63
Motor license fund	21,355.50
Fire tax fund	15,783.19
Tax on meat	531.25

Total license taxes\$895,689.45

3. Inheritance Taxes	\$106,291.35
4. Tax on foreign insurance companies	290,006.75

Grand total ALL TAXES PROPER, 1911.....\$6,191,915.08

B. STATE FEES.

1. Secretary of State	12,354.05
2. Insurance department	40,779.66
3. Tax on organization of corporations	38,061.45
4. Jefferson county fees	\$243,236.95
Less commissions, etc.....	176,923.40
	<hr/> 66,313.55

Total all STATE FEES\$157,508.71

C. EARNINGS STATE FUNDS, AND SALES.

1. Interest on State deposits	\$9,709.96
2. Land office	1,919.05
3. Forfeited lands	1,061.60
4. Turnpike dividends	1,873.91

Total earnings\$14,564.52

D. INSTITUTIONAL EARNINGS, OR REFUNDS AND KINDRED ITEMS.

Penitentiary	\$224,425.37
Branch Penitentiary	77,896.86
Asylums	6,558.40
State Colored Normal School	6,525.00
State University	38,475.00
Kentucky School for Deaf	16,966.60
Public Offices	6,309.60
House of Reform	4,003.68
Public grounds	79.70
Public buildings	142.66
Total	<u>\$381,382.87</u>

E. FINES AND FORFEITURES.

Gross amount	\$258,376.69
Less commissions	193,746.38
Total	<u>\$64,630.31</u>

With some exceptions, but none of very large amounts, the above revenues are practically net, and the sum of them gives the clear income available for State expenditures. Some, of course, are mere offsets on far larger expenditures.

SUMMARY OF NET REVENUES, 1911.

A. Taxes proper	\$6,191,915.08
B. State fees	157,508.71
C. State earnings	14,564.52
D. Institutional earnings	381,382.87
E. Fines and forfeitures	64,630.31
Total net revenues	<u>\$6,810,001.49</u>

F. BOOKKEEPING ENTRIES.**Transfers and Refunds.**

A. H. & S. Bureau appro.	\$194.52
Military fund	334.96
Money refunded	13,848.81
Inspector of Mines appro.	3,965.00
State Capitol appro.	8,770.37
Text book fund	380.00
Active militia	81.75
Governor's contingent fund	40.35

State Board of A. F. & I. -----	1,502.00†
Commissions deducted above -----	\$370,669.78
Trustee jury fund -----	9,057.48
Cost of suits -----	169.00
Court of Appeals -----	1,527.35
<hr/>	
Total bookkeeping receipts -----	\$410,541.37

G. UNCLASSIFIED.

"Miscellaneous" -----	\$11,950.54
Less "Over" in our footings -----	0.03*
<hr/>	
Total unclassified -----	\$11,950.51

Summary:

Net revenues -----	\$6,810,001.49
Bookkeeping entries -----	410,541.37
Unclassified -----	11,950.51
<hr/>	

Total receipts as reported by Auditor ----- \$7,232,493.37

†Omitted in Auditor's printed Summary.

*The Auditor's report, page 220, shows a footing of \$7,232,493.37, which is \$1,501.97 more than the sum of the items. The difference arises from \$1,502 collected from the State Board of Agr. F. & I. omitted from the table and a printer's error of three cents.

Rough estimate for 1912 or 1913.

Owing to the litigation over the franchise taxes, only a rough estimate can be made of what the revenues for either 1912 or 1913 will be when finally collected.

But we may estimate them as approximately \$7,000,000, clear of all bookkeeping entries and miscellaneous, or about \$7,500,000 gross. For further details the reader is referred to the Auditor's report, which will appear shortly.

Analysis of the receipts.

Out of a net revenue of \$6,800,000, in round numbers, the State derives \$4,900,000, or 72% from the general property tax. Of the \$4,900,000, \$3,950,000, or 81%, came from the "ordinary taxpayer" and \$850,000, or 19%, from the corporations. But the last figure, \$850,000, will be raised by at least a quarter of a million, or to \$1,100,000, by the increased assessment made in 1912 and 1913, or say, to 22% of the whole.

Of the total net revenue, about \$800,000, or about 12%, comes from license taxes, which in effect supplements the property taxes.

Of the total net revenues \$6,200,000, or 90%, comes from taxes proper.

CHAPTER III.

LOCAL REVENUES

Difficulty of obtaining data.

There is no central State bureau which compiles any data concerning local taxes. We have, therefore, been obliged to collect such data as we could ourselves. The extreme inertia of some of the county officers to whom we have been obliged to write for information, has made this a very difficult task. Repeated letters had to be written and the data were far from perfect in some cases when received.

Census returns of 1902.

The last complete compilation by the United States Census Bureau was in 1902. Of course, conditions have changed materially in the past decade. But the proportions will be somewhat the same. In that year the total public revenues, State and local, for Kentucky, were reported as follows:

All revenue receipts, State and local, 1902-----	\$16,357,667	100%
State -----	4,232,700	26%
Counties -----	5,410,552	33%
Cities over 25,000 population -----	3,551,251	22%
8,000 to 25,000 -----	696,164	4%
All other minor civil divisions -----	2,467,000	15%

The above totals, however, seem to contain some duplication, the so-called subventions, for example the State school monies. Consequently, the following table is probably better:

Total Kentucky, all government revenues, 1902-----	\$12,629,505	100%
State -----	4,211,325	34%
Counties -----	3,680,864	29%
Cities over 25,000 population -----	3,317,647	26%
8,000 to 25,000 -----	652,669	5%
Other minor civil divisions -----	767,000	6%

If the same general proportions hold true for 1913, the following table would represent the conditions today.

Probably the figures are not far out.

Total Kentucky, all government revenues, 1913, approx. -----	\$20,000,000
State -----	6,800,000
Counties -----	5,800,000
Cities over 25,000 -----	5,200,000
8,000 to 25,000 -----	1,000,000
Other minor civil divisions -----	1,200,000

One-third each to State, counties and cities.

In short, the State takes over one-third of the revenues, or 34%, the cities about 31%, and the counties and school districts about 35%. It is probably near enough to assume that they are each one-third, as city expenditures generally grow faster than State and rural, and the cities have probably caught up.

The counties rely mainly upon the general property tax, but they also receive the poll tax and large subsidies from the State. The cities also have, besides the general property tax, a considerable income from licenses.

Reports obtained from county officers.

Our own investigations of local revenues have not been as fruitful as we wished them to be, although we have expended a very large amount of time and energy upon them. We circularized the one hundred and twenty counties for data, but the replies were slow in coming in and many follow-up letters had to be sent. Finally answers were received from all but three counties. But of the answers received not all were intelligible. The main source of confusion was the failure to state clearly the aggregate tax rates, that is, the general county levy for all purposes other than schools and the county school rate, where there was one. We did not try to go into the matters of school district special taxes, for the obvious reason that if we could not elicit from the county officers, in an intelligible form, the simple facts concerning county rates, it would be hopeless to ask for more data, of a far more complex character.

Intricacy of the problem.

How intricate the problem is may be illustrated by one county. We select one about as simple as possible. Henry county has a county tax rate of fifty cents, of which twenty-five is for roads and bridges, and twenty-five for general expenses; also a county school tax of fifteen cents, levied on all parts of the county outside of ten school dis-

tricts, and there are school tax rates ranging from twenty-five to fifty cents in the ten districts. To get the exact amount of taxes levied we should have to ascertain just how much assessed property lies in each district, and how much outside. This is a simple case compared with other counties.

No part of our investigations showed us more clearly the absolute necessity for the guiding hand of central authority, to invoke uniformity and to install something like business exactness.

Tables printed in the Appendix show the details so far as obtained. The tax rates there used are the State rate, the county rate, and the school rate as reported. Whether the latter applies all over each county so reporting or not, we cannot say. But we believe that our figures are too low to show the total taxes levied.

Analysis of the local tax returns.

Taking the figures obtained at their face value, the most common county tax rate is fifty cents per one hundred dollars of assessed valuation. Twenty cents is the most common school rate, but many local district special rates exceed that. The lowest tax rates, for county purposes only, aggregate thirty-one cents, the highest one dollar and forty-five cents. The high rates are generally in counties which are paying railroad bonds. The total taxes on property for the one hundred and seventeen counties reporting are \$4,850,000, and allowing for the three omitted counties, the aggregate would be just about \$4,900,000, or about the same as the State property tax. Add to this another million, nearly, raised by poll taxes and from other sources, and we have the \$5,800,000 given in the above table.

The ratio of taxes to true value.

Incomplete as the figures are, they seem to indicate that the ratio of all the taxes to the true value of all property outside incorporated cities is about two-thirds of one per cent.

Part II.

THE DEFECTS OF THE
KENTUCKY TAX SYSTEM
AND THE REMEDIES
THEREFOR.

CHAPTER I.

THE TWO MAIN DEFECTS

We may now point out certain evils which have grown up in and upon the existing tax system.

All property is not taxed.

First. All property, not even all real estate, and not even all land, is regularly and uniformly entered in the assessment books. Some property, even some land, escapes taxation every year. It is sometimes claimed that land which is always in sight and cannot be carried away or concealed is always taxed. Those who make this statement are usually urging that personal property should be taxed and that it is personal property which escapes. There is no question but that much taxable personal property escapes. It is always harder to find than real estate. But when, as we have found, real estate escapes; when that which is easiest to find escapes; then, how much more certain it is that personal property, that which is hard to find, and to assess, escapes in even greater proportion.

Discrepancies in acreage returns.

The large discrepancies from year to year in the total acreage of land assessed, both in individual counties and in the whole State, cannot be explained on any other hypothesis than that land escapes taxation. They cannot be explained away as clerical errors. If they could be, the matter would be quite as bad. For if clerical errors of such dimensions occur so regularly in one part of the roll, there is great probability that they occur also in other and more vital parts of the roll. If, in Caldwell county, there were 212,347 acres of land assessed in tracts in 1911, where were some of those acres in 1910 when only 191,759 acres were so assessed? Campbell county has a superficial area of 92,800 acres, yet there were only 64,854 acres assessed in tracts in 1912. That the difference of nearly 28,000 acres was not in town lots in Newport, Dayton and Bellevue is demonstrated by the fact that there are 88,274 acres found by the Census Bureau in farms alone in that county. Why were there 24,500 acres not in evidence

on the rolls? If in 1908 the Assessor in that same county found 91,823 acres in tracts, and in 1910 again 91,328 acres, where had some of these acres gone to in 1912 when only 64,854 were left? Land is not peripatetic. We might cite very many more equally inexplicable examples. These were selected at random.

Comparison of acreage assessed in "tracts" with census returns of "farms."

In many counties there are more acres in farms than are assessed in tracts. How can this possibly be the true return?

There are, of course, in nearly every county some "tracts" of land not included in farms, such as forest or mineral lands. Hence, the acreage assessed in tracts should normally exceed the acreage reported in farms. Conversely it is hardly conceivable that there should be more acres in farms than are assessed in tracts, if the assessment be complete. But the fact is that there are at least thirty-three counties in which there are more acres in farms than there are acres assessed in tracts. The total acreage of farm lands thus unassessed in these thirty-three counties alone is far more than 200,000 acres. How much more there is in these and other counties we do not know, but that it is very large is certain.

This estimate ultra-conservative.

This startling revelation is based on an estimate in which were rejected all counties where the figures seemed to be too erratic to be reliable, and which ignored the fact that in the tracts actually assessed there was also some acreage not in farms. One extreme case cited above, that of Campbell county, was entirely ignored. In short, it was an estimate which strained every point in favor of the assumption that the assessment was complete. We wished to be extremely conservative. The fact that at the very least 200,000 acres of farm land escape taxation *in thirty-three counties alone*, seems to us indisputable.

The complete tables.

In the Appendix to this report are tables setting forth for each county the best available statistics as to the assessment of lands. The curious reader can pick out even more glaring inconsistencies than are here pointed out.

Weakness of the tax law.

But even if these figures were not available, or if they could be controverted, which seems to us impossible, the fact that property is escaping can be just as readily inferred from an examination of the tax laws, the practices prevailing in their enforcement and the tax administration.

Over-dependence on taxpayers' statements.

The great dependence that is placed on the taxpayer's statement is the first weakness. It is not safe to assume that the taxpayers will list all their property. We know that they don't and won't. Everybody knows it. The law itself confesses as much, as we pointed out in our brief description of the law. The correctives depended on are weak in the extreme.

The handicaps imposed on the Assessor.

The first corrective is supposed to be applied by the Assessor. But the conditions under which he has to work as provided by law are such as to make this corrective ineffective.

The Assessor not eligible for re-election.

In the first place, the Assessor is not eligible for re-election. This very nearly insures that the Assessor, when chosen, shall be ignorant of the duties of his office. The only chance of getting an experienced man lies in electing some Deputy Assessor or a former Assessor, four or eight years out of office. Yet the work of making an assessment is a highly technical business and not easy to learn. The tax law alone is long, intricate and hard indeed to learn. There are nearly one hundred different classes of property enumerated in the tax schedule, and many more besides not enumerated, with the value of all of which he is supposed to acquaint himself. Knowing, moreover, that he must go out of office in four years, the Assessor has little inducement to train himself to the performance of his duties in more than a perfunctory and *pro forma* fashion. Moreover, during the whole four years, he is actively engaged in assessments. but sixteen months, that is, four months each year. Eight months each year, except in a few large counties, he is busy with his own private affairs. With but few exceptions, he is not paid enough to devote all his time to the office, even if the law required it. All of the four months are

devoted to a hasty gathering up of the schedules and to copying them into the book. He has little time to study the property, study methods, to gather data or to do anything else than the minimum that the law requires.

Assessor works without supervision.

He works without adequate supervision, guidance or instruction. If, as fortunately but not necessarily, frequently happens, some of his fellow county officers, especially the Sheriff and the County Clerk, are men experienced in county affairs, he gets some instructions and suggestions from them. He can sometimes go to his predecessor for help. He usually has the County Judge and County Attorney to help him on law points. Beyond such fortuitous assistance, he has to fumble for himself. He works without a boss, although at first a green hand. He knows that the supervisors can do very little to check his work. They have no better tools than he has and have but a few days in which to go over his four months' work. The State Board of Equalization and the Auditor are so very far away, and they communicate with the County Clerk, not with the Assessor. Moreover, the County Court is required by law to take the Assessor's part against the State Board, so he does not worry about that State Board.

Assessor works without tools.

He has no adequate tools to work with. As he is not continuously at work at the courthouse, he seldom has an office room of his own. He is furnished with blank forms and with books. He has last year's roll to go by. We do not overlook the fact, nor its importance, that he has a transcript of all transfers and of mortgages, etc., so far as recorded, furnished him by the County Clerk. This last is as it should be and an excellent provision. But otherwise than this he must make bricks not only without straw, but without molds, or a brickyard to dry them in.

Assessor has no tax maps.

Above all he has no maps to go by. Proper tax maps are the *sine qua non* for a complete assessment of lands. It is not possible to know whether all lands have been assessed without a map, and it must be a good map, too. It is not possible to check up a taxpayer's statement accurately without a map. In a few counties there are maps.

Some of these are good, some are very poor. But they are very rare. They have been provided voluntarily by the fiscal courts and are not required by law.

Why doesn't the Assessor have maps? In the first place, the law does not require it. In the second place, he can ill afford the expense out of his own compensation. In the third place, even if the Fiscal Court should provide the funds for making them, the Assessor is seldom sufficiently informed, until near the end of his term, to instruct a surveyor as to what should go on the map. By that time he generally feels that it is not worth while, because the benefit will accrue to his successor and not to himself. Moreover, he has no idea as to whether his successor would want to use the maps.

Assessment analogous to an inventory.

Assessing the multifarious properties in a county is analogous to taking a valued inventory of the stock in a great department store. What business man would employ a green clerk for such an inventory, set him to work without a word of instruction as to where things are or what they are worth, and give him nothing to go by but last year's inventory and the list of new purchases, and then go away and let him shift for himself as best he could? If, having once committed such a folly, what business man would, as soon as that inventory clerk had acquired by himself a little knowledge and experience, discharge him and put in another man whose sole qualification had to be that he had never done any of that kind of work before? Can a carpenter build a house without plans or specifications, and without tools, without a hammer, saw or a plane? Yet this is what the law expects the Assessor to do.

Assessor subject to bad political influences.

The political influences under which the Assessor does his work are bad and are all the worse because he cannot succeed himself. If it were thought that ineligibility for re-election would conduce to the greater independence of the Assessor, it has proven a mistake. The Assessor can run for another office, and frequently does. Every elected Assessor is naturally considerate of the good will of his constituents and the more so when they are his friends and neighbors. But the unfortunate feature is that he is never going to be judged by his record for efficiency and skill *as an assessor*. Efficiency as an assessor is

very apt to make enemies. The tax dodger hates a good assessor. But a reputation as a skilled assessor is no proof that a man will make a good sheriff or a good county clerk. It is more to the Assessor's interest to make and keep friends than to make a reputation for good work in an office to which he cannot again aspire. *This Commission favors appointed Assessors under civil service rules.* But the development of skilled Assessors may be possible under an elective system. In States where an Assessor can succeed himself and where the office is large enough to be one of dignity, the people have shown a decided inclination to re-elect men who make good Assessors. The fact that the Assessor has made enemies of the tax dodgers is a good card for popular favor.

Assessment districts too small.

The Assessors' district in Kentucky is usually too small. This means low pay, poor tools and lack of dignity. Some counties are large enough, but most are not. The taxpayers generally get what they pay for in the way of service, seldom any more. To divide the pay that is available between four or five men instead of employing one is wasteful. It is like using five little engines to haul one little car apiece, when one big engine could haul all five cars at once.

The Assessor's work should be of a professional character.

The work of an Assessor is technical, difficult and hard to learn, but very interesting, and, that being so, the office should offer an honorable and attractive life career. But in our State, save for a few City Assessors, there is no professional spirit possible among the Assessors. The County Assessor, even in large counties, regards his office—the law compels him to do so—as a temporary employment, not as a trade, a career or a profession. In States where the Assessors have a chance to make their work a career, we find them often forming voluntary Assessors' associations, traveling many miles at their own expense to annual conventions, where they profit by the mutual interchange of ideas. In such cases also we find them constantly studying their work and its methods, searching everywhere for improvements, and even making recommendations to the Legislature for changes in the tax laws, recommendations often so sound that the Legislature comes to rely on them. In short, they take that pride in their work which every man who is master of a trade takes in his work.

The system, not the Assessors, to blame.

The Commission wishes it to be distinctly understood that its criticism is directed against the law and the tax system, and not against the Assessors as a class or individually. It distinctly disclaims any intention to reflect on any Assessor. It is its opinion that the Assessors generally do better than could be reasonably expected of them, considering the handicaps under which they labor. Moreover, there are not a few cases where men of unusual force and rare ability have well nigh overcome the impediments. But these exceptions do little more than prove the rule.

The City Assessor in Louisville.

That the trouble lies with the law and not with any local conditions is fully demonstrated by the fact that in the office of the City Assessor in Louisville, which is independent of the State law, and hence not under the same handicaps, we find a very nearly perfect model of what an Assessor's office should be. It is well housed, well furnished and adequately manned. It is equipped with excellent maps, systematic records and all up-to-date methods. The City Assessor, feeling secure in his office, so long as he performs his duties skillfully, adds to that security daily by making a constant study of the best ways and means of improving the efficiency of his office and the completeness and uniformity of his assessments. He regards his office as a profession and a career for which he has trained himself for years.

The handicaps on the Boards of Supervisors.

The second corrective relied upon for catching up the errors and omissions in the taxpayers' returns is the County Board of Supervisors. This is not especially effective. These boards generally compare the new roll with the last year's roll, which is just as likely to be defective as the new one. As a matter of fact, they cannot in a few days review four months' work. Their function as a board of review to hear disputes between taxpayers and the Assessor is valuable.

Lack of uniformity.

The second criticism of the existing tax system is that property is not uniformly assessed. There are glaring inequalities between individuals and between different counties.

These arise from the same defects in the law that were above pointed out as the reasons why some property escapes entirely. Those

defects in the law have been set forth at length above, and hence, all that we need to say here is that the inequalities noted are not worse than they might be expected to be. If we did not carry our investigation beyond the analysis of the law above given, we would know that there are inequalities just as there are omissions.

The extent of the inequalities.

It is difficult, without going to greater expense than this Commission was authorized to incur, to ascertain exactly how much these inequalities are. It would scarcely profit us, inasmuch as their existence is universally known and admitted, to attempt to measure their exact amount, or to delve into individual cases. But we have been able to make a satisfactory and instructive comparison between the assessments of farm lands and the improvements thereon in each county and the true value of farms as returned by the United States Census Bureau. The full tables are printed in the Appendix. The figures have been, to some extent, checked by personal inquiry and by a series of affidavits from various sources on file in the Auditor's office at the State Capitol. The main facts are fully confirmed and supported. If in some cases the precise true ratios of assessed to true values differ a little from those shown in our tables, that difference will not materially affect the general conclusion, which is, that grave inequalities between counties do exist. Just how much they are is not so important at present.

Farm lands assessed at fifty-two per cent. of true value.

Thus our tables show that the average ratio of assessed value to true value of farm lands throughout the State is about fifty-two per cent. This establishes the fact of universal undervaluation, although the law calls for full value, and even if, let us suppose, 40 or 60% instead of 52% were the correct figures, that conclusion would be just the same. Again our tables show that the range is from 30% in Taylor county to 80.6% in Jackson. This proves grave inequality between counties, and even if Taylor should eventually prove to be assessed at 40% and Jackson at 70%, inequality exists just the same. For another purpose the accuracy of the general State average is important, and on that account no pains have been spared to ascertain the correct figure, which we place at 52%.

The significance of the inequalities.

That such grave discrepancies as the difference between 30% and over 80% exist between different counties is a very serious matter. That the State Board of Equalization is powerless to correct this, is admitted by that board itself, and is amply sustained by all the facts.

Inequalities affect the apportionment of the State tax.

These discrepancies between counties affect the distribution of the burden of the State tax. They do not affect the division of the burden of county taxes between individuals. But if one county succeeds in keeping an undervaluation which averages less than those of other counties, it saves money on State taxes at the expense of other counties. Each taxpayer in such a county saves his share of the aggregate county saving. Each taxpayer in overassessed counties conversely pays too much.

Illustration of the effect of inequalities.

We may illustrate this by a concrete example. Jackson county lands were assessed at \$1,153,593 in 1911. The State tax thereon was \$5,768. If \$1,153,593 is 80.6% of the true value, that true value would be in round numbers \$1,430,000. 52% of that, or the State average, would be \$743,600. In other words, if its lands were assessed at the same percentage of true value as the average for the State at large, Jackson county would pay 50 cents on each \$100 in \$743,600 to the State, or \$3,718. It did pay \$5,768, which is \$2,050 more than \$3,718. That is, Jackson paid \$2,050 more in State taxes than it should have paid if all assessments had been uniform. We are satisfied that \$2,000 saved would mean a great deal to a little county like Jackson. Taylor county, on the other hand, paid too little. If \$985,357, at which its lands were assessed, is 30% of the true value, that value is \$3,284,523, and 52% of that is \$1,707,952. If, therefore, Taylor county lands had been assessed at the State average, they would have paid in State taxes \$8,539, whereas they did pay only \$4,926, or \$3,613 too little. The overassessed counties made up the difference.

It is not claimed that these figures are absolutely accurate. It may possibly have been that Jackson county paid only \$1,000 too much and Taylor only \$2,500 too little. The important thing in this connection is simply this: that equality, even approximate equality, is not achieved and cannot be achieved under the old law. Everybody familiar with

the workings of the present system knows that to be the case. The State Board of Equalization goes on record almost every year to that effect. We have not been able to find anybody who denies the inequalities.

Equalization does not equalize.

It is useless to blame the State Board of Equalization for this. The law restricts it to certain definite sources of information which are not of any use. It is not constituted in a way to give the service that should be had at this point in the tax work.

The correct method of equalization.

Proper equalization requires a continuous investigation of values, continuous and ample records. The State Board of Equalization appointed for a single year and working but ninety days in each year, can conduct no regular and continuous investigations, and has no records. The law provides it with transcripts of transfers, etc. But these prove of little use because the taxpayers have become very "wise." The great majority of deeds nowadays do not show the true consideration paid. "One dollar and other considerations" makes a valid deed. But such a statement is not of much use to the State Board of Equalization.

The true consideration to be named in deeds.

It would be possible to enact a law compelling the grantor to recite in full the true consideration in the deed. We believe such a law would be beneficial in many ways. Minnesota has such a law, and by means of it the State Tax Commission is able to keep track of all values fairly well. But that commission does not depend solely upon that source of information.

The two counts: omitted property and inequalities.

If these two counts in the indictment of the Kentucky tax system be sustained, or if either one of them be sustained, the condemnation is sufficient. *If property is escaping taxation in large quantities, or if grave inequalities exist, or if both are the case, then the system needs radical reform,*

Minor faults.

There are, however, a number of other minor faults more technical in character, each serious in itself. Some of these seem to have arisen from amendments made from time to time in the law without proper care to preserve the relationships of different provisions. These will be the subject of a separate chapter.

The sources of the evils.

To sum up: We may say that the two great evils noted arise from (1) too great dependence on self-assessment by the taxpayer; (2) the lack of power, and of experience of the Assessors; (3) the lack of proper tools for the taxing officials to work with, notably, maps; (4) the entire absence of supervision and control; (5) inadequate means of equalization.

Prevention better than cure.

To start out with a roll known to be defective and try to patch it out is not a sensible business-like procedure. The thing to do is to make the roll right in the first place. It is easier to lock the barn door than to send the Sheriff after the stolen horse. It is better to prevent an epidemic than to build pest houses. A pre-audit is better than sending a defaulter to jail.

It would be easy to assemble many pages of citations from the reports of tax commissions in other States and from the text book writers, showing that "equalization" *after* the roll is made is universally a failure. But it is not necessary to burden the Legislature with such citations. The fact that "equalization," so-called, does *not* equalize in Kentucky is all too well known.

Make the roll right to begin with.

The remedy we suggest among our recommendations is to make the roll right to start with; to equalize before, not afterwards; to so arm, instruct and train the Assessor that there will be no necessity for "equalization," save as a mere safeguard against accident. The ounce of prevention which we propose in place of the pound of cure will be set forth in another chapter.

Land and improvements should be separately assessed.

A fertile source of inequalities is the lumping together in one assessment the value of the land and the value of the improvements thereon.

This practice prevents a careful consideration of the two different parts of the property. It tends to bring about an undervaluation of unimproved lands by concealing the unit values of the improved lands adjacent to them and of the same quality.

A property tax should be levied on property, not on persons.

There is a great difference between the law of taxation and the practice of taxation in all parts of the United States. That which is taxable is not always taxed. But the best tax systems are found where the law prescribes measures which are enforced, and the worst tax systems, where the provisions of the law are unenforceable, or for more or less good reasons are unenforced.

Many practices grow up winked at by the authorities which are clearly illegal, but which are aimed to correct evils which the literal enforcement of the law would create. When the law thus lags behind the practice, the practice is almost certain to develop new and even greater evils. Ways of evading the law devised by the taxpayers for the purpose of correcting provisions, which would be actually unjust if they were enforced, lead to evading the just taxes as well as the unjust.

Kentucky attempts to tax persons, not property.

The General Property Tax as prescribed by law today in Kentucky is still primarily what it was in colonial times, *a tax on persons in proportion to their estates*. But the days when property was mainly tangible and the forms of ownership were simple and direct have passed away. Corporations, trust companies and other "artificial persons" have grown up, and the natural person, the man or the woman, may invest his or her "estate" in the shares or securities of such companies. Large estates are now extensively represented by paper evidences of ownership, by documents, which cover the tangible property, the title to which vests in the corporation or trust company, and also large amounts of intangible property. A man can easily conceal his estate or large parts of it, or can remove it from the jurisdiction of the taxing power. Moreover, as our Kentucky tax law treats "artificial persons" exactly as it does the natural person, there is a general feeling that there is likely to be double taxation if the natural person returns all his estate. This feeling leads to concealment and evasion, which is justified in the taxpayer's mind by perfectly good

reasoning. For example: A man invests ten thousand dollars in railroad stock. He knows that the railroad is fully taxed upon its tangible and intangible property. He argues that his ten thousand dollars has been taxed when the railroad was taxed and that if he returns it as part of his own taxable property it will be taxed again, making two taxes on the same property. This argument is correct. But our law imposes this double taxation. Hence the taxpayer evades the law if he can.

Double taxation.

There is, moreover, a still more compelling reason than the mere feeling of injustice which drives the taxpayer to evade the law. If he returns his securities, stocks, bonds, notes and the like for taxation, he must pay from one to one and a half per cent. in taxes thereon out of a return of from four to five per cent. in interest or dividends. If he pays the tax, the investment is unprofitable, and he is driven either to evade the tax by concealment and perjury or to take his money out of the State.

Undervaluation.

The habit of evasion thus engendered, leads also to undervaluations. When the aim of the law is to ascertain each man's *estate*, it becomes necessary to rely to a large extent upon his statement of what he owns. There are many honorable gentlemen who do not like to render a false statement even to a tax assessor. But there are also many others who are not so scrupulous. To protect himself, the honorable gentleman either refuses to make any statement, leaving it to the Assessor to do the "right thing" as between all the taxpayers, or resorts to the subterfuge of asserting that there is one "value" for purposes of taxation and another "value" for purpose of buying and selling. Corporations regularly take this position, both before the Board of Valuation and Assessment and in the courts.

Property versus personal taxes.

There is a simple remedy for many of these troubles, and that is to seek out all taxable property, and to tax it where it lies without particular regard to who owns it, and especially disregarding all indirect ownerships. The aim should be not to tax each person in pro-

portion to his estate but to tax property* (all things capable of private ownership) wherever found regardless of ownership.

Illustration of the difference.

To illustrate this difference of procedure, we may take the case of a factory manufacturing a patented article, widely advertised and extensively used. We will assume that the original founder incorporated the business, and that he subsequently incorporated his estate, transferring to the latter company not only his shares of stock in this factory, but other property and enterprises, and that after his death his widow and children placed the stock of the family estate company in the hands of a trust company.

The underlying property is some land, a factory building, some patent rights, a lot of "good will" created by advertising and a value as a going concern with contracts and selling agreements of many kinds. This is all comparatively easy to find and to assess at the place where the factory is located, and if the company pays the taxes thereon the government has received its full dues. It is really unnecessary to go any further. The full taxes having been paid, it is of little concern to the taxing authorities who owns the property or who may have an indirect interest therein.

Instead of stopping here, however, our laws, if literally enforced, would require the Assessor to search out the family estate company and assess to it the shares of stock in the factory, and still further to pursue the shares of the family estate company as property of the heirs in the hands of the trust company, the result being, if evasion is not practiced somewhere, triple taxation. As a matter of fact, of course, the law breaks down and all these complexities result merely in evasion, omission and undervaluation. The factory is assessed at a small fraction of the value of the land and building, the valuable patent rights are probably omitted, as are also the good will and the going value; the shares of the family estate company are placed outside the State or concealed, or possibly the heirs assume a residence in a foreign country and escape taxation on the shares. The government does not receive its dues, a lot of persons break the law in spirit, if not in the letter, and an atmosphere of lawlessness and moral turpitude is engendered.

*It is admitted that the term "property" is a relative term and implies an owner and to that extent means much the same as "estate." But a usage has grown up in tax laws which makes the term almost concrete in character.

CHAPTER II.

REMEDIES FOR THE TWO MAIN DEFECTS IN THE PRESENT TAX SYSTEM.

The defects restated.

The two main defects in the Kentucky tax system as stated are: (1) that much property escapes; (2) that property that is assessed is very unequally assessed.

The causes of these defects are clearly:

(1) Too much dependence on the taxpayers' own statements; (2) unskilled, underpaid Assessors, who work under most unfavorable conditions, without proper tools, especially without maps, and without adequate supervision and instruction; (3) the absence of effective State agency for enforcing a uniform administration of the law.

The remedies demanded are equally clear:

(1) Without doing away with the taxpayers' statements, we must change the initiative. The government must take the initiative and not wait for the taxpayer. We must make it the duty of the Assessor to go after and find *all the property* instead of merely *hunting for taxpayers*. If we put the property on the rolls, the owners will soon appear. The Assessor must find all the property, with the help of the taxpayers and their statements if he can have that help, *but find it*.

(2) *We must secure skilled Assessors.* We believe they should ultimately be under civil service rules. We must pay them enough to enable them to give all their time to the work.

(3) We must equip these Assessors with proper tools, especially with good tax maps.

(4) We must provide a central supervising body, a central tax commission, with power to supervise the Assessors, and whose duty it shall be to so direct the work of the Assessors, both by formulating rules of procedure and by fixing standard values for the guidance of the Assessors, that the roll shall be practically complete and perfect as soon as made.

The constitutional provision.

That the possible necessity of just such a step was foreseen by the framers of the Constitution is shown by the following provision inserted in that instrument:

§104. Assessor—eligibility—office may be abolished. The General Assembly may abolish the office of Assessor and provide that the assessment of property shall be made by other officers; but it shall have power to re-establish the office of Assessor and prescribe his duties. No person shall be eligible to the office of Assessor two consecutive terms.

Our recommendations.

In accordance with this provision we have, in the statute which we have drawn, and which we submit herewith, provided:

(1) That the office of County Assessor be abolished, but that the Assessors recently elected be taken into the new system as deputy tax commissioners for the counties in which they were elected and at the same rates of compensation as formerly provided for.

(2) That hereafter all assessments be made under and by the authority of a *permanent State Tax Commission*, who, with their deputies, shall be the "other officers" referred to in the Constitution. This Commission is to perform other duties besides those here mentioned.

(3) That the State be divided into *fifteen tax assessment districts* of such size that the work of assessment in each will command the full time and attention of a competent man.

(4) That there shall be in each assessment district a *Deputy State Tax Commissioner* with the title, for convenience, of "District Tax Commissioner."

(5) The District Tax Commissioner shall make up the county rolls in each of the counties in his district.

(6) The Fiscal Court in each county shall provide an adequate *tax map of the county* for the guidance of the District Tax Commissioner, and these maps shall be subject to the approval of the State Tax Commission.

(7) The State Tax Commission shall prescribe the rules for the guidance of the Deputy Tax Commissioners, shall gather constantly through its deputies, and in other ways, data concerning values, and shall fix, whenever possible, in advance, standard values both for lands and for other classes of property. These standard values should be published and be subject to public criticism and review before being used, and before the rolls are made up.

Expense of new system.

We shall, in the Appendix, present an estimate of the cost of this administrative system. We believe it can be had without any in-

crease in the present costs and that ultimately the costs will be reduced.

It is not expected that the bill herewith presented is complete as to all details. But it is expected that the permanent State Tax Commission will, from its experience in the future, be able to recommend to the Legislature from time to time whatever may be necessary in the future to perfect the system.

The tax maps will involve an initial expense to the counties and the State of some size. But, once made, the cost of the annual assessments will be, in all years to come, materially reduced. Moreover, that initial cost will be more than covered in a very few years by the taxes on property which without them would continue to escape taxation.

Assessors just elected to serve out their term.

We believe that it would hardly be fair to abolish the office of Assessor without caring for the present incumbents. It appears that the gentlemen who have just been elected to those offices should be allowed to serve out their terms.

That does not, however, necessitate delaying the whole plan for four years. The State Tax Commission can and should be created at once and should begin work at once. It should have supervision at once over the work of assessment, and should assume the other duties which are assigned to it in the bill we have prepared, including the making of the State assessments and the work of equalization.

To serve as the means of communication between the permanent State Tax Commission and the County Deputy Tax Commissioners, and to superintend their work, there should be a District Tax Commissioner. We have for the present suggested that until the permanent system can go into force, one of the County Assessors in each district be made the District Tax Commissioner for the interim. The added expense during the interim period would not be great compared with the great benefits of improved assessments.

I. THE STATE TAX COMMISSION.

The experience of other States.

A State Tax Commission for the supervision and control of the assessments is generally recognized as one of the essentials of a business-like tax administration.

In the Appendix is a list of the States which now have such tax commissions or boards exercising similar powers, together with the composition and expenses of such commissions.

The experience of other States seems to point to the following conclusions:

(1) *Ex-officio commissions are not a success.* There have been conspicuous exceptions where an ex-officio board has for a time done brilliant work.

(2) When such commissions *fall into politics* they become weak and ineffective. This is especially true when they become in any way subservient to any particular business or financial interest; and no less true when they represent any extreme radical faction. The tax man should be a fearless and untrammelled judge of what is right and just.

(3) *Elected boards are not a success*, whether elected by districts or at large. The men really skilled in such work generally rise through the ranks of public servants and are not generally willing or financially able to submit to the uncertainties of a political campaign. The making of a popular campaign involves gathering a "*following*" and may result in friendly relations with some group or party, or "*interest*," a connection not desirable in a tax man. The tax man must be free from any entangling alliances of any sort.

Successful boards.

(4) The boards which have been most conspicuously and permanently successful have been *non-partisan boards appointed by the Governor* for long terms, the members retiring at different times, so that after the beginning no one Governor could appoint more than one member from his own party. This gives the Commission a high degree of independence of mind and action, which is almost a *sine quo non* for success.

Such commissions elsewhere.

The most conspicuous examples of this type of commission are those of Wisconsin, Minnesota and Ohio, though by no means the only ones. The Wisconsin commission is generally regarded as a model. We have followed that law largely in the proposed statute.

Our proposal.

We have proposed a non-partisan commission of three members to be appointed by the Governor subject to the approval of the Senate on the basis of knowledge and experience in taxation. The regular term of office is to be four years, one member retiring every two years. The members are to be eligible for reappointment and removable only for cause. We believe that the salary should be as high as that of any State officer, and have suggested five thousand dollars.

We believe that service on such a commission will be attractive to the best equipped men in the State and will command the highest type of ability.

The duties of the commission.

The duties of this Commission, as outlined in detail in the proposed statute, are in general:

To supervise the whole administration of the tax system from top to bottom. To that end, it is to examine candidates for appointment as District Tax Commissioners and recommend an eligible list to the Governor for appointment. It is also to formulate rules for the guidance of the deputies and to supervise the work of assessment in every detail. It is to study and investigate values and may, when it deems it wise, fix standard values which the assessing officers must follow. An explanation of what is meant by standard values will be found in another part of this report.

It is to see to it that all the requirements of the law are executed.

It is also to take over the work of the old State Board of Equalization and of the State Board of Valuation and Assessment and the assessment work of the Railroad Commission.

II. THE ASSESSMENT DISTRICTS.**Small assessment districts bad.**

One of the most manifest weaknesses in the present system is the small size of the assessment districts. Each of the one hundred and twenty counties is a separate district, no matter how small it is. This makes the Assessor's office a small affair, duplicates expenses and leads to waste and inefficiency.

Advantages of large districts.

The assessment districts should be large enough to warrant paying a salary sufficient to make it possible for a good man to give all his

time throughout the year to the work. Although the actual writing of the roll takes but four months, there is a very large mass of work that should be done preparatory thereto. Taxable properties should be inspected, values ascertained, records compiled, maps corrected and revised, titles revised and complaints investigated. The assessment districts should also contain property enough to give the Assessor ample employment. County lines cannot be cut, but counties can be combined.

Fifteen districts proposed.

We believe that fifteen districts will be about the right number for the following reasons: The total assessment roll of the State, exclusive of assessments made by the State Board, is about eight hundred and fifty million dollars. The true value is about sixteen hundred million dollars. Fifteen districts would give an average of a little over one hundred and six million dollars of property in each. But the districts cannot be made uniform in size because counties cannot be divided, and there is one county, Jefferson, which contains property far in excess of the average. Jefferson county has nearly two hundred million dollars assessed value, and much larger in true value. This will cut down the average for the other districts. But the fifteen districts suggested are large enough.

Principles guiding in making the districts.

The ascertainment of the best districting is a task requiring more information concerning the true value of property and certain other matters than is now available. Each district should be so laid out that the lands therein are approximately of the same general character. The lines of travel and communication should be studied so that the District Tax Commissioner can readily pass from one part of his district to another.

All this is a task for the permanent State Tax Commission to solve ultimately. Moreover, with the shifting of population and wealth, it will be necessary to change the districts from time to time. We have, therefore, provided that the Commission shall from time to time recommend to the Legislature what the boundaries of the districts should be.

The districts we recommend for the beginning have been built up by combining the present thirty-four judicial districts in such a way as to make fifteen.

Since it is possible for the court and its officers, and for witnesses and litigants to pass readily from one part of a judicial district to another, it should be equally easy for the District Tax Commissioner and his deputies to get about.

These districts will serve until the State be redistricted by the Legislature under advice of the permanent State Commission.

District No. 1—To contain the following counties: Fulton, Hickman, Carlisle, Ballard, Graves, Marshall and McCracken.

District No. 2—Calloway, Trigg, Christian, Lyon, Livingston, Crittenden, Caldwell and Hopkins.

District No. 3—Union, Henderson and Webster.

District No. 4—Davies, Ohio, McLean, Hancock, Grayson, Breckenridge, Meade and Hardin.

District No. 5—Simpson, Todd, Logan, Muhlenberg, Allen, Warren, Butler and Edmonson.

District No. 6—Barren, Hart, Larue, Nelson, Bullitt, Green, Taylor, Marion, Washington, Adair, Russell, Cumberland, Monroe, Metcalf and Casey.

District No. 7—Spencer, Shelby, Anderson, Oldham, Trimble and Henry.

District No. 8—Mercer, Boyle, Lincoln, Garrard, Clark, Powell, Madison and Jessamine.

District No. 9—Franklin, Woodford, Scott, Bourbon and Fayette.

District No. 10—Boone, Carroll, Gallatin, Grant, Owen, Kenton and Campbell.

District No. 11—Pendleton, Harrison, Nicholas, Robertson, Bracken, Mason and Fleming.

District No. 12—Greenup, Lewis, Boyd, Bath, Montgomery, Rowan, Menefee, Carter, Elliott, Lawrence and Morgan.

District No. 13—Breathitt, Lee, Wolfe, Estill, Johnson, Martin, Pike, Knott, Magoffin, Floyd, Leslie, Letcher, Owsley and Perry.

District No. 14—Jefferson.

District No. 15—Bell, Harlan, Jackson, Laurel, Clay, Rockcastle, Clinton, Pulaski, Wayne, Knox, Whitley and McCreary.

III. THE DISTRICT TAX COMMISSIONER.

Proposed method of appointment.

We have proposed that the District Tax Commissioners shall ultimately be appointed under civil service methods and shall hold office for four years and be eligible for reappointment. We should have preferred to recommend that they be appointed for life or during good behavior. But the Constitution does not permit that.

We believe this to be the ideal and most practical method. It will insure, as nearly as may be, skill, experience and impartiality. It will enable the Assessor to regard this work as a true profession and a life career. It will make it worth while for young men to study and prepare themselves for such work, because it offers a definite reward for success. It takes the office out of politics and gives the incumbent an independence and freedom for right judgment that is very necessary.

The plan not untried.

This plan of selecting Assessors has been tried with marked success in some large cities. Although, so far as we know, it has never been tried in any State for general assessment purposes, yet there is no reason that we can discover why it should not be a marked success in this State. We note with interest that it goes into effect in Ohio in January next.

The Assessor's office not a political office.

The Assessor's office is in no sense a political office. He can use his office for political purposes only by abuse of power and malfeasance. Unlike some other offices, the work is highly technical in character, and fitness can be determined by an examination.

Features to be preserved in any event.

(1) The Assessor should be *the legal deputy or agent* of the State Tax Commission. Hence we make him a Deputy Tax Commissioner. This is necessary to preserve the integrity of the assessments. The courts frown upon divided authority in tax assessments.

(2) *The District Tax Commissioner should be eligible to succeed himself.* If he is not legally a deputy of the Commission, this may not be possible under the peculiar wording of the Constitution.

Compensation allowed.

We have allowed for the compensation of the District Tax Commissioner, for the payment of his deputies and for the ordinary support and maintenance of his office, when the final plan is ultimately reached the same rates of compensation as are now allowed. We believe that with the economies which will result from the combination of counties into larger assessment districts and from the supervision

of the work by the State Tax Commission that these sums will be ample and can soon be reduced.

Salaries of District Tax Commissioners.

We have recommended that the maximum salary for District Tax Commissioners be not in excess of three thousand dollars and the minimum not less than fifteen hundred dollars. The Commission is to fix the salaries of the District Tax Commissioners, and is also to determine the number of deputies for each and their compensation. It is to fix the allowance for office expenses. It is necessary to leave the Commission, at least in the beginning, a somewhat free hand in these matters, because if the assessments are brought up to true value, as they should be, the commissions allowed would raise more money than is needed. The unspent balances will revert to the State Treasury to the ultimate reduction of the State taxes. Moreover, the proper adjustment of these salaries and expenses will depend upon many factors which cannot be accurately known until the great inequalities in assessments have been removed.

Compensation of District Tax Commissioners during the ad interim period.

It is clear that if, as we propose, some one of the County Assessors be raised to the position of District Tax Commissioner during the ad interim period, he should have proper compensation for the added duties. The amount of that compensation should be determined by the permanent Tax Commission. Attention is called to the fact that with an improved assessment this increase can be met from the percentages provided for.

IV. TAX MAPS.

The most important tool of the Assessor is his tax map. Subsidiary important tools are the field book, the transcript of the records of transfers, mortgages, etc., and a good card index of values, the data for the last being collected from real estate agents and others.

The value of tax maps.

We have reprinted in the Appendix of this report, in condensed form, two addresses, one by Mr. Edward L. Heydecker, Assistant

Tax Commissioner, City of New York, and one by Mr. Sidney J. Smith, Chairman Board of Assessors, Town of Newcastle, Westchester, County, New York. These addresses show not only the importance of good maps, but how they can be prepared at the least possible expense.

Tax maps in existence.

We have made some inquiry into the existence of such tax maps already, and of other maps which might be used as a basis for getting up tax maps. This inquiry has not been made exhaustively, because, after all, the proposed permanent State Tax Commission will have to go into the matter far more carefully than we can do. But we find the following: (1) A considerable portion of the western part of the State has been sectionized by the United States Land Survey. Where lands have thus been sectionized, tax maps can be very readily prepared. (2) Over one-half of the State has been covered by the Topographic Maps of the United States Geological Survey. These Topographic Maps can be enlarged and used as a basis. (3) Several counties have made or are making tax maps and the city of Louisville has an excellent set. (4) The unmapped portions are mostly in the Blue Grass region and in the west central part where all the counties are surely rich enough to bear a part of this initial expense for so great an ultimate saving.

Expense of tax maps, how borne.

We believe that the expense of these maps should be divided equally between the State and the counties. We recommend that the maps be made under the direction of the State Tax Commission as a safeguard against extravagance.

Maximum one dollar per hundred acres.

Unless the lands are subdivided into very small lots, an allowance of one dollar per one hundred acres is the maximum, in our opinion, that the maps should cost, and where good basic maps already exist, the cost will be much less.

Difficulties to be overcome.

There will be several difficulties to be overcome in making these maps, but they are not insuperable. Some of these are: That the boundaries of the counties are very irregular and many of the county

lines have not been surveyed and marked on the ground; that the original surveys in which the areas of farms are described in deeds are more or less inaccurate and sometimes exaggerate the actual areas. It is sufficient, however, that the maps be accurate only to the extent of showing all the lands, so that the assessments can be checked by the maps.

V. RULES OF ASSESSMENT AND STANDARD VALUES.

Uniform rules vs. guesswork.

We are convinced that a very great gain in uniformity and equality of assessments can be made, if the assessors work under uniform rules. By this we mean practically mathematical methods of computing relative values.

Uniform rules in cities.

This idea has been most completely worked out for city lands and buildings and may be best illustrated in that connection. The importance of this idea is so great, that it has been commercialized and there are a number of firms which make it a business of selling their methods to cities and installing them. The cities have sometimes found it to their advantage to hire these experts to install such systems. One of these is known as the "Somers System." We do not believe that it is necessary to buy a system. We are satisfied that the permanent State Tax Commission can work out one that will be better adapted to our needs than any that can be imported.

Illustrated by New York City system.

We cite the New York City system here merely as an illustration. The following are extracts from the report of the Commissioners of Taxes and Assessments of the City of New York for 1912.

Land value maps.

There are in all 140 maps covering the entire City of New York. The maps are drawn with the streets clear of printed matter to allow for recording the value per front foot of normal lots 100 feet deep, which are not subject to corner influences. In the case of land in large tracts in suburban sections the value in dollars per acre is marked at a point near the centre of the tract.

The figures in the streets represent the value per front foot of normal lots 100 feet deep, which are not subject to corner influence.

Methods of arriving at land values.

The Deputy Tax Commissioners are aided in their work by the department, which furnishes all sales where the consideration is stated in the deed, including auction sales, and these sales are kept permanently on cards where they are open to the inspection of the deputies. These records are put at the disposal of the deputies in the most convenient form. In addition to the facts obtained from the records, the deputies are expected to obtain from real estate brokers and others all the facts in relation to sales and leases and rentals which can be obtained by careful inquiry. As a rule, they are singularly successful in this, and frequently have recorded in their field books the actual prices paid for land, which are not supposed to be known to anyone other than the parties to the transaction. While asking prices can very rarely be regarded as the measure of value, they are nevertheless evidences of value, and asking prices are generally recorded on the deputies' field books.

From all this evidence of value the deputies determine the value of front feet on each street. The exhibition of the values on a map tends to correct inequalities and mistakes which might otherwise be made in their determination of the value of particular streets. When the values are shown on the map it is apparent that they must all bear a reasonable relation to each other.

Rules for lots of varying depths.

There are several rules or processes in use by property owners, real estate dealers and assessors throughout the city to assist in the determination of values for different parts of lots. The oldest rule in present use was promulgated by Judge Murray Hoffman some forty or fifty years ago, and is generally known as the "Hoffman Rule." Originally it appears to have been a simple deduction or declaration of the effect that the front half of a lot is worth two-thirds of the value of the full lot. The most elaborate tables based on this rule were published in the "Evening Mail" by its real estate editor, Mr. Henry Harmon Neill, some four or five years ago, and are careful calculations of proportions resulting from the application of a rule that, taking 100 feet as a basis or unit of depth, the value for the first 50 feet of this depth is $66\frac{2}{3}$ per cent. of the whole. The calculation has been carried out to show the proportion of value for each foot in depth from 1 foot to 100 feet.

Hoffman-Neill Rule.

Feet.	Per cent.	Feet.	Per cent.	Feet.	Per cent.	Feet.	Per cent.
1-----	0676	26-----	4548	51-----	6745	76-----	8514
2-----	1014	27-----	4650	52-----	6822	77-----	8579
3-----	1268	28-----	4751	53-----	6899	78-----	8644
4-----	1520	29-----	4850	54-----	6975	79-----	8709
5-----	1732	30-----	4947	55-----	7051	80-----	8773
6-----	1929	31-----	5042	56-----	7126	81-----	8837
7-----	2112	32-----	5136	57-----	7201	82-----	8901
8-----	2282	33-----	5229	58-----	7275	83-----	8964
9-----	2443	34-----	5321	59-----	7348	84-----	9027
10-----	2598	35-----	5412	60-----	7420	85-----	9090
11-----	2748	36-----	5501	61-----	7492	86-----	9153
12-----	2893	37-----	5589	62-----	7563	87-----	9216
13-----	3033	38-----	5676	63-----	7634	88-----	9278
14-----	3168	39-----	5763	64-----	7704	89-----	9340
15-----	3298	40-----	5849	65-----	7774	90-----	9401
16-----	3424	41-----	5934	66-----	7843	91-----	9462
17-----	3547	42-----	6018	67-----	7912	92-----	9523
18-----	3667	43-----	6102	68-----	7981	93-----	9583
19-----	3784	44-----	6185	69-----	8049	94-----	9643
20-----	3899	45-----	6267	70-----	8117	95-----	9703
21-----	4012	46-----	6348	71-----	8185	96-----	9763
22-----	4123	47-----	6429	72-----	8251	97-----	9823
23-----	4232	48-----	6509	73-----	8317	98-----	9882
24-----	4339	49-----	6588	74-----	8383	99-----	9941
25-----	4444	50-----	6667	75-----	8449	100-----	10000

In the City of New York streets are ordinarily two hundred feet apart, and before streets are opened the value of land is affected by the street plan already adopted or likely to be adopted. The normal unit is a lot 100 feet deep.

A convenient rule, in quite common use, for the determination of the value of lots of greater depth than 100 feet is as follows:

For the first 25 feet beyond 100 feet add 9 per cent.

For the second 25 feet beyond 100 feet add 8 per cent.

For the third 25 feet beyond 100 feet add 7 per cent.

For the fourth 25 feet beyond 100 feet add 6 per cent.

FACTORS OF VALUE OF NEW BUILDINGS AND EXPLANATION OF LAND VALUE MAPS.

For over twenty-five years the department has used factors of value of new buildings as a guide to the assessment of all buildings. These factors are based on the knowledge and experience of the Deputy Tax Commissioners and information obtained from builders and others of the exact cost of construction. They have been constantly subject to examination and modification to meet changes in conditions.

Architects usually compute the cost of buildings by multiplying the exact number of cubic feet of contents by an appropriate factor. It has been found easier for the department to ascertain the square feet of floor space of a building than the cubic feet of contents; hence the department uses the method of computing the value of a building by multiplying the square feet of floor surface by an appropriate factor instead of the number of feet of cubical contents. If the building to be appraised were a loft building six stories high and 50 by 90 feet in area, it might be appraised by either the square foot or the cubic foot rule. The height of such a building from the cellar floor to the roof would be about 80 feet. The square feet of space on each floor would be 4,500; the cubical contents would be 360,000 cubic feet. At 18 cents per cubic foot the cost of construction of the building would be \$64,800. A six-story building, 50 by 90 feet in area, would have 27,000 square feet of floor surface. If the building cost \$64,800, the factor per square foot of floor space would be \$2.40.

Example.

Cubic Foot Factor, 18 Cents.

50 by 90 equals 4,500 square feet area one floor.

4,500 by 80 equals 360,000 cubic feet contents.

360,000 by 18 cents equals \$64,800, cost of building.

Square Foot Factor, \$2.40.

50 by 90 equals 4,500 square feet area one floor.

4,500 by 6 equals 27,000 square feet floor surface.

27,000 by \$2.40 equals \$64,800, cost of building.

Depreciation.

In assessing old buildings it is desirable to determine the factor of value because it facilitates comparison both by the deputy and by the Commissioners. An old tenement house, for example, might have been valued when new at \$73,000, and now be so depreciated by age as to be worth only \$52,200. If the factor which produces the value of \$52,200 is \$1 it appears at once that the assessed valuation has been reduced by about thirty per cent. for depreciation.

Example.

Tenement house, 100 feet front, 87 feet deep, 6 stories high. Building factor, when new, \$1.40:

100 by 87 equals 8,700 square feet area, one floor.

8,700 by 6 equals 52,200 square feet floor surface.

52,200 by \$1.40 equals \$73,000 cost when new.

52,200 by \$1 equals \$52,200 assessed value.

Depreciation for age, \$20,800.

It is almost universally true that an improved parcel of real estate is never worth more than its capitalized rental value until the land alone

exceeds in value this capitalized sum. For example, a dwelling house 25 feet wide is erected on land worth \$20,000, and the house costs \$30,000. The gross rental is sufficient to justify the expenditure; as conditions change the land rises in value for other uses than for dwelling houses, but the rental remains stationary. The property, as a whole, is worth no more than \$50,000; in course of time the land is worth \$40,000. Still the property as a whole is worth no more than \$50,000. The land rises to \$50,000. Now the building adds practically nothing to the land value and should be assessed at approximately one year's rental. There are old office buildings in the city, from seven to ten stories high. The land today is worth much more than when the building was erected, but the aggregate value of the property is today no more than the net rental capitalized at 4 to 4½ per cent. The building may be worth only 50 per cent. of its original cost of construction or less than that. The increase in land value adds nothing to the selling value of the property as a whole, unless that increase is accompanied by an increase in the rentals which may be obtained. As a rule, such increase in land value under these circumstances is not accompanied by an increase in rental because tenants prefer more modern buildings. This principle is applicable to nearly all classes of improvements, and it must always be borne in mind that a building is worth no more than the difference between the value of the land and the aggregate value of the property.

Application of these ideas to Kentucky.

This system is, of course, somewhat more elaborate than need be adopted in Kentucky, especially as to buildings. Yet the city assessor of Louisville has already adopted rules of much the same character as to lands, and is contemplating introducing the same system as to buildings. The essential thing is that even a poor rule is better than no rule.

Extension of such rules to county property. Personal property.

Again it may be urged that such rules can be worked out readily enough for city property but not for country property. In a sense, this is true. But what can be done for country property is the fixing of standard values. This idea has already been widely applied to certain classes of personal property. Thus in Nevada each year the assessors from all over the State assemble and agree upon the value per head of cattle, sheep and per unit of certain other things. When they go home they all use these values in making up their rolls. In the same way, grain, tobacco, cotton and other staples of trade can be graded.

Same as to lands in the country.

It is more difficult, perhaps, to apply this idea to lands, but it has been done. We believe that in many parts of Kentucky a classification of lands can be made, and that standard values per acre for each class can be fixed at least for certain counties. The lands of the Blue Grass region are a fairly definite group for example, and within that group more or less definite sub-classes as to fertility and value can be fixed. If first-class Blue Grass lands are worth \$150 an acre, a second grade may be worth \$100, and a third grade only \$85. Land suitable for tobacco may be graded by kinds. Hemp lands, again, form a group. Wood lots, marshy pasture lands, and other non-tillable lands are clearly separate groups.

The gain in fixing standard values.

If such standard values can be fixed and to the extent that they can be fixed, a clear gain in the direction of uniformity and equality is made. If other considerations than fertility, like distance from a railroad, the absence or existence of good pikes, and the like, enter in to affect values, these, too, can be allowed for in more or less definite ways. If the assessor is directed to rate first-class corn land at \$100 an acre, he will get all corn land on the same basis. He will not roughly guess that one piece of 40 acres is worth \$2,500, and another of 25 acres is worth \$4,000.

Farm buildings.

Farm buildings cannot be valued by the same rules that are applied to skyscrapers in New York. Nor can they be valued by any very strict rule. But some simple rules can be given the assessor for his guidance. In this connection, however, the worst feature in the past has been the lumping of the value of the improvements with the land values.

Use of standard values permissive, not obligatory.

We have, in the proposed statute, provided that the State Tax Commission MAY fix standard values for the guidance of Assessors, and we believe they will often exercise that prerogative. When they do so they should publish that fact, and the values, for public criticism and discussion. The aim of this is to do as much equalizing as possible before the roll is written up. Another gain is that it will

give the public a *real* and not a merely fictitious opportunity to criticise the assessments. It will also give the Assessor a chance to show that his work is right. Neither of these things is possible today.

Example of the use of standard values.

Let us suppose that the Commission goes into Woodford county and announces that it proposes to recognize three grades of tillable lands in that county, the best grade is to be rated at \$150, the second at \$100, and the third at \$85 per acre, woodlots, pasture and other non-tilled lands not to be counted in, but separately rated. After public discussion, however, the Commission may decide that \$125, \$100, and \$85 are the more nearly representative rates. The Assessor then has merely to ascertain the correct acreage, which he finds from his maps, and multiply by the rate. If John Smith thinks he has been unfairly treated because Roberts, his neighbor, got off with a lighter assessment, the only questions that can arise are definite questions of fact. What is the acreage and in which class does the land belong? If the Assessor is right he will have no trouble in convincing Smith; if not, Smith or anybody else can easily show up the error.

Approximate uniformity the aim.

It may be urged that lands vary in value within narrow limits, and that by this plan some land worth, say \$120, may get into a \$125 class, or might be graded down to the \$100 class. This is urging a refinement in assessments which is altogether impracticable and unnecessary. Approximate uniformity is what must be the aim. As it is now with no rule and no standards, \$85 land is often assessed at \$75, and \$150 land at \$85, and even worse discrepancies occur.

No abuses can arise.

As all of this is permissive and discretionary with the Commission, we feel that the details may be safely left to the Commission to work out. It is hard to imagine any abuse which could possibly arise in the exercise of this power. It all tends to publicity and more discussion, and criticism of the work of the Assessors, which is the greatest possible safeguard.

VI. SEPARATE ASSESSMENT OF LAND AND THE IMPROVEMENTS THEREON.

Land and improvements.

The proposed statute drafted by us provides that lands and the improvements thereon shall be separately valued and assessed. This is a very simple matter, but it has been shown by experience to be very effective in bringing about equality. With it goes the provision that land of the same quality and similarly situated shall take the same assessed value per acre or per foot. The last is the essence of tax equality. How can the Assessor, or an equalizer, or a dissatisfied taxpayer know whether two given pieces of land of the same quality and like in situation, but bearing very different improvements, are assessed at the same rate when the land values and the improvements are jumbled together in one lump sum?

Advantages of separate assessment.

In one sense, this is simply clearing the records so that the meaning of the figures can be seen. But it is more than that, it forces the Assessor to work and to think more carefully. He will normally work out his land values first and equalize them, then go at the improvements. Each gets considered by itself, and each by different modes of approach.

Discovered in California in 1872, rediscovered in New York about twenty years ago, this simple device has everywhere proven its practical utility.

VII. THE QUADRENNIAL ASSESSMENT OF REAL ESTATE.

Real estate to be revalued once in four years only.

We have provided in the proposed act that real estate shall be completely revalued and assessed but once in four years. In the intervening years, the roll shall be corrected and revised by entering the names of new owners, by removing improvements burned down or otherwise destroyed, and by adding new buildings, but the values, in general, shall be the same as those fixed at the time of the quadrennial revaluation. We have provided, however, that the State Tax Commission may order a partial revaluation of real estate to be made in the intervening years, when, in its judgment, the changes in values require it.

The purposes.

The purposes of this are two: (1) to save the expense of an annual revision; (2) to make the valuation of lands a more important and impressive event, thus giving it a prominence which will cause the work to be better done.

Land values, except in some localities, do not change rapidly in Kentucky. Where they are so changing, the Commission can act. That being the case, to go all over the roll each year seems a waste of effort. Once in four years seems often enough to make a complete revision of land assessments.

The saving.

The saving that will be made will be mainly in the expense of the local boards of supervisors and in the expense of inter-county equalization. In most counties, there would be little need of local equalization in the intervening years, and boards of supervisors need not be convened. The proper function of a board of supervisors is not the searching for property that has not been assessed, but the hearing of complaints of the taxpayers against the Assessor. There should be such a board of review. But its functions should be those of review, not of assessment.

The positive gain that will be made by the change proposed will be that the valuation of lands can be made more thoroughly and on the basis of more careful and extended investigation. In the intervening years the records can be carefully and deliberately worked up, and when the time comes everything can be ready.

This plan in Ohio.

The quadrennial assessment of real estate has been a feature of the Ohio tax system for some years. In fact, the interval between assessments used to be even longer than four years. It was generally regarded as a feature of great merit. We noted with some surprise, therefore, that the Ohio Tax Commission has recently recommended that the quadrennial assessment be abolished.

The Ohio Commission in 1913 said:

"Another object which the bill seeks to accomplish is the discontinuance of quadrennial reappraisement of real estate. It is believed that it will be generally acknowledged that at the present time the real estate in the State is on the tax duplicate at approximately its full value and is assessed with a fair degree of uniformity. Annual re-

vision and readjustment on the basis of the 1910 appraisalment of real property will, it is thought, not only obviate an enormous expense to the taxpayers, but also accomplish and maintain uniformity in the assessment of real estate."

The reasons for Ohio's change of heart.

• The reasons ascertained by a visit to Columbus are the following: The Ohio quadrennial was a very elaborate affair, involving a horde of special assessors, 3,415 in number, and special boards of review. The entire cost in 1910 was \$1,777,958, and the cost for special boards of review alone contained in the above sum was \$241,000. The Ohio quadrennial, also, seems to have fallen into peculiar and special election difficulties, of which the Commission complains. In short, the quadrennial there was the successor of the old decennial revaluation, for which, in the nature of things, complete new machinery had to be created each time. What they are trying to get away from is the cumbersome machinery and the expense.

How our proposal differs.

Our proposal is quite different from this. We propose to use the regular machinery of assessment for this purpose. In fact, our plan will make a reduction in cost, not an increase. By giving the regular force more time to get ready and collect data, we believe that instead of requiring more men, we can get along with an ultimate force smaller and not larger than that now used.

CHAPTER III.

LIMITING THE TAX RATES.

Raising assessments should not raise taxes.

It requires but a moment's consideration to realize that if the assessed valuation of property be double and the tax rates remain the same the *tax burden* would be doubled. That would raise too much money. If the tax rates do not go down, the taxpayers will resist the raise of the assessments. We feel sure that the proposed change from valuation at a fraction of the true value to full cash value will be defeated, if there be not a tax limit law.

The following citation from the 1912 report of the Ohio Tax Commission states the arguments and the experiences of that State very forcefully.

"THE ONE PER CENT. TAX LIMIT ACT.

"Legislation limiting the tax rate formed an important and very necessary part of the general plan of reform in the tax laws of the State inaugurated in 1910. It was apparent to everyone who had given the subject any consideration that if all property was to be assessed at full value, it was imperative that the rates of taxation should be reduced.

"Therefore, when tangible property was assessed at varying percentages of full value, with a large proportion of the intangible property escaping entirely, the tax rates in the State had varied from 1.4 per cent. to 6.7 per cent., with an average rate for the State of 2½ per cent., and for the cities and villages of approximately 3½ per cent., and it was recognized by all that to tax property, when assessed at its full value, at such rates would amount to confiscation, and that intangible property would entirely disappear from the tax duplicate.

"Under our system of taxation, those who determined the rates of taxation to be levied in the counties, cities, villages, school districts and townships were also the tax spenders, and it was deemed advisable to fix a limit beyond which these officers could not go in levying taxes. It was also believed that with a low rate of taxation the amount of intangible property that would be returned would be greatly increased, and the work of assessing other kinds of property would be less difficult.

"The law requiring the return of monies and credits for taxation had been so generally evaded in the State, the public had come to take it for granted that a 'tax that can be evaded will be evaded,' that where the incentive is strong enough, the benefit to self is large enough and the

chance of being found out is small enough, false returns would always be made.

"This Commission believes that the great majority of the people of the State are honest and willing to bear their fair proportion of the cost of government; that most of our citizens believe in that admonition of the Great Teacher, 'Pay to the Emperor what belongs to the Emperor, and to God what belongs to God.'*

"In 1910, accordingly, an act was passed to become effective January 1, 1911, attempting to limit the tax rate. As the limitation provisions were not entirely clear and the administrative features were bad, the act was amended in 1911 and as such is now in force throughout the State.

"This law provides four separate limitations upon the amount and rate per cent. of taxes that may be levied in any taxing district as follows, to-wit:

"1. The aggregate amount of taxes which may be levied upon the taxable property in any taxing district, including sinking fund and interest and levies for State, county, township, municipal, school and all other purposes in the year 1911, shall not exceed the aggregate amount of taxes levied in the year 1910; the aggregate levied in the year 1912 may exceed the aggregate in 1910 by not more than 6 per cent.; the aggregate in the year 1913 may exceed the aggregate in the year 1910 by not more than 9 per cent., and the aggregate in the year 1914, or any year thereafter, may exceed the aggregate in 1910 by not more than 12 per cent.†

"2. If to produce any such aggregate it will require a greater levy than 10 mills, then only such amount may be levied as will be produced by the levy of a maximum rate of 10 mills on each dollar of the tax valuation of the taxable property of any taxing district, exclusive of levies for interest and sinking fund purposes, for emergencies, and such additional levies as may be authorized by a vote of the people.

"3. Each taxing board or authority is limited as follows:

"For all county purposes, not to exceed 3 mills;

"For all township purposes, not to exceed 2 mills;

"For all city or village purposes, not to exceed 5 mills;

"For all local school purposes, not to exceed 5 mills.

"4. The aggregate rate which may be levied in any taxing district for all purposes, including additional levies authorized by a vote of the people, shall not, in any event, exceed 15 mills.'

"The maximum rates in the third limitation are exclusive of levies for interest and sinking fund and exclusive of any special levy provided for by a vote of the electors, special assessments, levies for road taxes that may be worked out by the taxpayers, and levies and assessments in special districts created for road or ditch improvements. The evident purpose of the maximum rates in the third limitation is to prevent one taxing

*Must be an Ohioan version for "Render therefore unto Caesar the things that are Caesar's, and unto God the things that are God's." Math. 22:21.

†This limit proved impractical and has since been repealed.

board or authority from taking advantage of reduced levies made by other taxing boards or authorities and increasing its levy so as to bring the aggregate to the maximum limit of 10 mills.

"The county commissioners of each county, the Council of each municipal corporation, the trustees of each township, each board of education and all other boards and officers authorized by law to levy taxes within a county, except taxes for State purposes, are required to submit to the county auditor an annual budget, setting forth, in itemized form, an estimate of the amount of money needed for their wants for the incoming year and for each month thereof. The items to be set out in such budget in detail are specified in the statute. A budget commission for the annual adjustment of the rates of taxation is created, composed of the county auditor, the mayor of the largest municipality in the county and the prosecuting attorney of the county. It is made the duty of such budget commission to adjust the various amounts to be raised by taxation so that the total amount shall not exceed in any taxing district the sum authorized to be levied therein. In making such adjustment the commissioners may reduce any or all items in any budget, but may not increase the total, and no greater amount may be appropriated or expended by any taxing district than the amount fixed by the budget commissioners, exclusive of receipts and balances. Unexpended appropriations of balances remaining over at the end of the year revert to the general fund. When the commissioners have completed their work, the county auditor is required to ascertain the rate of taxes necessary to be levied in each taxing district. Provision is made for emergency levies to provide for casualties."

Tax limit law to take effect 1916.

We have prepared a tax limit law embracing the feasible features of the Ohio law and omitting the features that have not proved feasible. The limits set therein are \$1.00 per hundred dollars of assessed value to cover State, county, district and all other taxes, exclusive of bond taxes and taxes imposed by special vote of the people, and an absolute limit of \$1.50 including these. It will not be feasible to enforce these limits until the State tax rate can be reduced.

It will necessarily take some time for the permanent Tax Commission to raise the valuation of property to its full value.

The practical way will be to reduce the State tax rate for the first year after the passage of the main tax bill to, say, 40 cents, and in the second year to, say, 30 cents, and then to put into effect the full tax limit bill.

CHAPTER IV.

THE TAXATION OF MONEY AND CREDITS.

In his preliminary report to the Commission Professor Plehn made the following statement with regard to the proposed Constitutional amendment:

The present constitutional provision.

"The Constitution at present provides that *all* property, unless specifically exempt, regardless of its kind or of its ownership, must be assessed and taxed in the same manner, and on the basis of its actual value in money.

Provision a dead letter.

"This is a provision that has never been carried out literally, which cannot be carried out in practice, and which should not, even if it could be, be enforced. In compliance with the dictates of this Constitutional provision the statutes provide for the taxation of "bonds, notes secured by mortgages, other notes, accounts, cash on hand, cash on deposit in banks, cash on deposit with other corporations, cash on deposit with individuals, all other credits or money at interest, stock in joint stock companies or associations, and stock in foreign corporations." The grand total of all of these as assessed in 1912 was \$83,147,772, or less than 10% of the total roll, which was \$840,479,194.

"This \$83,147,772 is but a very small fraction of the total of these items actually owned by Kentucky taxpayers. The bank reports show deposits alone of \$123,000,000, of which only \$12,847,868, or a little over 10%, are returned for taxation.

Why money is concealed.

"The fact is, that a man cannot keep his money on deposit in a savings bank if, out of the 3% interest received, he has to pay 2% in taxes. Hence he either returns a false statement (perjury committed) or withdraws his money and sends it out of the State. Again,

bonds safe enough for a sound investment yield only 4 or 4½% interest; take 2% from that for taxes and the yield is too low. An honest taxpayer cannot invest in these desirable securities; one willing to perjure himself does not return them if he owns them. Only under exceptional circumstances are they returned and taxed.

Mortgages can be found.

"Mortgages are, or at least can be, more effectively reached for purposes of taxation, because they are recorded. There are nearly \$26,000,000 of these taxed. Every cent of this is double taxation. The land is taxed and then the mortgages which stand for and represent a part of the value of the land are also taxed. But worse still, the double tax does not fall upon the lender, at whom it is aimed. He shifts it to the borrower. So in the end the land owner is taxed not only upon his land but also upon money he borrows on it.

Capital shy of Kentucky.

"Monied capital will not come into Kentucky unless it can earn as much here as elsewhere, and to do that, if it comes, it must evade or shift the taxes. That it does not come as freely as it should is shown by a study of the amount of bank capital, deposits and the rates of interest.

The law discriminates.

"Moreover, in practice, the law discriminates against money and credits when it is found. Money, in the nature of things, is assessed at 100 cents on the dollar, land at an average of 50 cents on the dollar. Under a strict interpretation of the law the State Board of Equalization must, if it raises the valuation of a county, raise the valuation of money as well as other property in that county, and we have the anomaly of money assessed at more than 100 cents on the dollar.

No leniency to the money lender proposed.

"To change this would not be offering any leniency to the money lenders, who, as a matter of fact, are not taxed. Not to change it means that all branches of the government are losing revenues. If the Constitutional amendment be adopted, the Legislature can then adopt what is sometimes called the Connecticut system, which is to charge a small registration tax on bonds, mortgages and other credits

in place of the vain attempt to tax these things as property, in the same manner as other property. The Connecticut system works and raises revenue; the Kentucky system does not.

The proposed amendment.

"The Constitutional amendment now before the people proposes to remedy this by permitting the Legislature to "classify property for purposes of taxation," and to apply different methods of taxation to different classes. The old provisions as to uniformity are to apply within each class.

"The Tax Commission has, in its preliminary report, already pointed out that this amendment is in accord with the most advanced States.

"I have referred here only to the classification of money and cash items for special treatment. That is because, under another provision of your Constitution, which permits special methods to be applied for taxes 'based on income, licenses or franchises' you have already made a virtual classification of railroads and other public utilities and banks, and you are in a way to achieve excellent results thereby.

"While there are a great many other equally serious evils in your tax system, especially in the work of local County Assessors, which can be remedied by legislative action without the passage of this Constitutional amendment, it is certain that you will never be able to reach money and credits effectively without untying the hands of the Legislature, at least to this limited extent.

Exemption of public bonds.

"The proposed Constitutional amendment also provides for the exemption from taxation of State, county and municipal bonds of this State. This exception cannot, of course, be retroactive and will apply to bonds issued in the future. It will save the people money by reducing the rate of interest on such bonds, and will enable Kentucky people to invest in their own bonds and thus keep the interest money at home. As it is now, you are paying foreigners a higher rate of interest than you need to, because the bonds are "taxable," but inasmuch as they are not taxed you get nothing back. It is easier to keep the money in the treasury in the first instance than to pay it out in interest and then to try to get it back again by taxation."

The Massachusetts commission of 1908.

In 1908 a Tax Commission in Massachusetts issued a report, going exhaustively into the subject of the taxation of money and credits. The report has been regarded as a masterpiece. In 1910 the Minnesota Tax Commission took that report and rewrote part of it, revising it, as it said, to "meet the conditions as they exist in Minnesota." That revision so closely fits the conditions as they exist in Kentucky today that we in turn have adopted the statement in the main. We have revised it somewhat to meet special Kentucky conditions and the views of the Commission. We have also condensed it. This is justified on the ground that it adds to our own conclusions the weight of authority of two of the most distinguished tax commissions in the country. Both of these commissions contained members who have given a lifetime to the study of taxation.

The law requires all property to be assessed.

Complying with this plain mandate of the Constitution cited above laws have been enacted and still remain upon our statute book requiring all property to be assessed and taxed at its full and true value in money. The law makes no distinction between productive and non-productive property. A book account upon which interest is rarely charged is taxed upon the same basis as a gilt-edge interest-bearing note, the family Bible on the same basis as an iron mine, and the family cook stove on the same basis as a street railway. This method of raising revenue has long been known as the general property tax.

The term general property tax means that *all* kinds of property shall be taxed in substantially the same way for all purposes, State and local.

In practical operation works injustice.

It is claimed by its advocates that the general property tax is peculiarly American and democratic and it is generally supposed to be a method which, if fully carried out, would oblige every man to contribute to the support of government in proportion to his ability to pay. But as a matter of fact, in practical operation the system is neither American, democratic nor just. It is now quite generally admitted by the great majority of people who are well informed upon the subject that however excellent the intent of the law the practical

result has never been that all citizens do contribute in proportion to their ability.

The general property tax was once in as nearly universal use in Europe as it is in the United States today. It was brought to the colonies by the early settlers and has been scattered by their descendants broadcast over the entire Union. The pioneers naturally and almost inevitably introduced into new territory the system in vogue in the States whence they came.

Abandoned in England more than a century ago.

In England, as in most other countries of Europe, the principal form of direct taxation was long a general levy upon property. In the seventeenth century this tax was known as the subsidy, and in practical operation produced the same results as followed its introduction in the New World. Personal property always managed to escape taxation in whole or in part, so that complaints about the inequality and injustice of the system were almost as common as they are in Kentucky in our own time. In 1592 one writer stated that not more than five men in London were assessed upon goods exceeding £200, and in 1601 Sir Walter Raleigh complained that "The poor man pays as much as the rich." About the middle of the seventeenth century the subsidy became so unsatisfactory that it was replaced by a new tax, known as the monthly assessment, which was, however, but the same thing under another name. The immediate result of the change was a somewhat more complete assessment of property; but before long personalty began to evade taxation, as before, so that in 1692 the monthly assessment was abolished, and replaced by a new tax designed to reach the true yearly value of all lands, tenements, offices and personal estates. This new tax was but another property tax in a somewhat different form and it soon fared as badly as its predecessors. During the eighteenth century personal property disappeared from the assessment rolls as rapidly as ever before, so that by 1798 over nine-tenths of the levy fell upon real estate and less than one-tenth upon offices and personal estate. By this time, in fact, the tax had generally come to be known as the "land tax." In some towns, we are told, the whole tax was assessed upon lands and houses, and personal estates wholly escaped. In 1798 an act was passed by which the land tax became virtually a fixed charge upon the land, and since that time until 1909 no further at-

tempt has been made in England to levy a general property tax. The national revenues, until the adoption of the budget in 1909, have been derived from an income tax, taxes on inheritances and the usual indirect taxes; while local revenues have been drawn chiefly from a tax levied upon occupiers of land, houses and trade premises.

Retained in very few European countries.

In most of the other countries of Europe the result has been the same. In nearly all of them the general property tax has been tried and found wanting, and today it is employed as a principal source of revenue in the cantons of Switzerland only, where, however, it is usually supplemented by taxes on income. In Holland property is still taxed, but at a moderate rate and conjointly with a tax upon income. In Prussia and some other German States a very light property tax is imposed, supplementary to a general tax upon income; but the rate is exceedingly low—in Prussia only one-twentieth of one per cent.—so that the tax is neither an appreciable burden upon taxpayers nor an important source of revenue.

It appears, therefore, that the general property tax is not an American invention, but a form of taxation once common in Europe and now almost obsolete. Modern tax systems are based upon the principle that it is necessary to discriminate between various classes of property and business and to employ different methods and rates of taxation in dealing with them. Our American States and some of the Swiss cantons stand substantially alone in their effort to draw revenue from a general assessment upon all classes of property at a uniform rate.

Found in few ultra-democratic countries.

It is equally erroneous to call the general property tax a democratic form of taxation. It is not found in such ultra-democratic communities as the Australasian States; nor, with the exception of Switzerland, is it found in those countries of Europe in which democratic ideas have taken deepest root. It was brought to America from England in the seventeenth century, when democracy existed neither in the mother country nor in the colonies, and has been fastened upon us rather by historical accident than because of its inherently democratic qualities.

A dismal failure as applied to money and credit.

The experience of our American States with the general property tax has been at all points similar to the experience of Europe. From earliest times to the present there has been nothing but a succession of compliants that personal property, particularly property of an intangible character, has escaped its fair share of the burden of taxation. In our own State, as in others, the tax laws are full of evidence to this effect, and during the last fifty years a mass of statistics has been collected which now places the matter beyond possible doubt. Many, if not most of our States, have appointed commissions to study the operation of their tax laws and devise methods of improving them. The reports of these commissions show wide divergence of opinion concerning the remedies to be adopted, but they are substantially unanimous upon one point—that in the taxation of personal property the general property tax has been a dismal failure.

The general property tax becomes a tax on real estate.

The first fact to which attention should be called is that under the existing system personal property tends to form a constantly decreasing proportion of the total property assessed for taxation. It is generally admitted that under modern conditions the amount of personal property in existence always equals and frequently exceeds the amount of real property. In a State like Massachusetts or New York some would have it that the amount of personal property is two or three times as large as the amount of real property; whatever the exact proportion may be, it is certain that it cannot be less than, and probably greatly exceeds, the amount of real property. During the nineteenth century it is certain that the increase of personal property was particularly rapid; yet the statistics covering this period show that this class of property has usually formed a decreasing proportion of the total assessment.

Census statistics.

The United States census presents statistics which are of interest in this connection. In 1850 it appears that the real property subject to taxation in all the States was assessed at \$3,899,000,000 and the personal property was assessed at \$2,125,000,000. In 1902, however, real property was assessed at \$26,415,000,000 and personal property at \$8,923,000,000. It will be observed that in 1902 the assessed value

of real property was six or seven times as large as in 1850, while the assessed value of personal property was a little more than four times as large. These figures apply to the whole country; if we select data for those States in which the amount of personal property is probably greatest the result is still more striking. In the State of New York in the year 1850 real property was assessed at \$564,649,000 and personal property at \$150,720,000. In 1902 real property was assessed at \$5,297,000,000, while personalty was assessed at \$672,149,000. In other words, the assessed value of real property increased nearly ten-fold during the half century covered by the census figures, while the increase of personalty was but little more than four-fold.

In 1850 nearly one-fourth of the total assessment fell upon personal property, and in 1902 a little more than one-eighth. If we turn from New York to California, we learn from a recent report of a special commission that in 1860 personal property constituted 46 per cent. of the property assessed for taxation, that in 1880 it constituted 26 per cent., and in 1905 but 17 per cent.

Burden always falls upon tangible property.

More serious than the widespread evasion of taxation which these figures indicate is the fact that the taxes actually collected from personal property fall upon the taxpayers without the slightest approach to equality and uniformity. Such tangible things as merchandise, machinery, live stock and personal effects can be found by the Assessors and taxed with some degree of success; but intangible property, consisting of money, credits and securities, can readily be concealed and eludes the most vigilant search. The laws of the various States provide more or less rigorous and inquisitorial methods of reaching personal estates; but the execution of these laws is intrusted to local assessors, who are controlled politically by the very persons whom they are expected to assess. The result is that strict enforcement of the law is seldom tolerated and the assessment of intangible property is in the highest degree unequal and uncertain.

Taxes on money and credit paid by the helpless, not by the rich.

The situation is made worse by the fact that the local tax rates throughout the country are so high that they take from the holder of good securities an excessive proportion of his income. In a majority of our villages and cities the tax rate runs from 1½ per cent.

upward. Intangible personal property, if returned for taxation, is often valued at its true cash value, and it is clear that such rates may take from the holder one-third or one-half of his income. Under such circumstances few persons can or will make returns of their personal estates; and the usual result is that this property is taxed, if taxed at all, by the method of arbitrary estimate. When returns are made they usually come from trustees and executors of small estates, who cannot easily evade the law and have less inducement to do so. Thus it comes about that the tax on personal property bears with exceptional severity upon widows and orphans, the most helpless class in the community, and is most easily evaded by the rich and powerful, who can best afford to pay for it. These conditions are not peculiar to Kentucky; they are universal in all States having similar laws; and among students of American taxation it has become a mere truism that our present taxes upon personal property actually fall upon the taxpayers in inverse proportion to their ability to pay. Where personal property, particularly money and credit, is greatest, it contributes least to the support of public charges; and among individual taxpayers the amount which each one pays generally stands in inverse proportion to the amount of personal property which he owns. This is now, and always has been, the result of attempting to tax all property, real and personal, at a uniform rate.

Places a premium on dishonesty.

In order to enforce the taxation of personal property the laws of practically all the States require taxpayers to make returns to the Assessors under oath. These laws are frequently a dead letter and very few such returns are actually secured. But in many States drastic efforts have been made to enforce the complete disclosure of personal property under oath, with the result that the laws have produced more perjury than revenue. The reports of State tax commissions are full of testimony to this effect. In them we read that existing laws put a penalty upon honesty and a premium upon perjury that they are educating people in the practice of making false oaths; and that a high court in one State has decided that "perjury in connection with a man's tax list does not affect his general credibility under oath."

Drastic laws to secure disclosures have always failed.

One of the most drastic laws on any statute book was the former law of Ohio, since much softened. The Kentucky law is a good second to that of Ohio for the severity of its language. If any law could compel the owners of intangible property to make a return of their holdings and pay a tax amounting to one-third or one-half of the income therefrom, it would seem that the old tax law of Ohio could compel them to do so. For many years that State required all taxpayers to make a return of their personal property "according to its value in money," and this statement had to be made under oath. But, besides that, the law authorized any county auditor to summon a recalcitrant citizen before a judge of the probate court, and made it the duty of such judge to punish the citizen for contempt if he refused to answer any question which the auditor might ask concerning his personal property subject to taxation. Nor was this all. The auditor might summon any other person, including the cashier of any bank, whom he might suppose to have knowledge of any taxpayer's affairs, and might compel him to testify under oath. Such an investigation might extend back over a period of five years; and the law provided that in case of proved evasion or false statement five years' back taxes might be collected, with an addition of 50 per cent. as a penalty. When we remember that the average tax rate in Ohio until very recently was $2\frac{1}{2}$ per cent. of the capital value of taxable property it will seem that, with the penalty included, the amount that might be recovered from a man who evaded taxes for a period of five years amounted to no less than 18.75 per cent. of the entire value of his property.

Stringent law ineffective.

Under such a law it was discovered twenty-five years ago that the assessment of personal property was decreasing not only relatively, but absolutely. In 1887 the Governor of Ohio sent to the Legislature a special message dealing with the question of taxation. "Personal property," he said, "is valued all the way from full value down to nothing. In fact, the great majority of the personal property of the State was not returned, but entirely and fraudulently withheld from taxation. So far as personal property is concerned the fault is chiefly with the people who list their property for taxation. The idea seems largely to prevail that there is injustice and inequality

in taxation and that there is no harm in cheating the State, although to do so a false return must be made and perjury committed. This offense against the State and good morals is too frequently committed by men of wealth and reputed high character and of corresponding position in society." To remedy the conditions thus disclosed the Legislature extended to all parts of the State a device which had been tried previously in a few counties. It was provided that the county officials might employ agents to ferret out property escaping taxation, and these agents, known as tax inquisitors, similar to the revenue agents in Kentucky, were to receive as compensation a part of the taxes recovered through their efforts. Under the operation of this enlightened and civilized law some millions of personal property were uncovered and placed upon the tax rolls; but this effect was merely temporary, since many wealthy persons were driven out of the State and their personal property was thereby placed beyond reach. Many citizens of Ohio at this time took up residences in the city of Washington, others moved to New York; and it is disputed by no one that the effect of the tax inquisitor law was to drive capital out of the State. In many cases the law is reported to have led to extensive blackmail; and it is a matter of common knowledge that persons with sufficient political influence were able to secure immunity from the tax inquisitors.

The limit of drastic laws reached.

It will be seen that the lawmakers of Ohio had about exhausted human ingenuity in inventing drastic methods of securing the disclosure of personal property. The only known expedient which they seem to have overlooked is the use of torture, which was employed in the Roman Empire in order to force reluctant taxpayers to disclose their personal estates. What was the result of the drastic measures which Ohio had seen fit to employ? From the reports of the State Auditor we learn that in 1870 personal property, including, according to the Ohio classification, the property of railroads and some other corporations, amounted to 38 per cent. of the total property assessed for taxation; in 1905 it amounted to 31 per cent.; so that in Ohio, as elsewhere, an increasing proportion of the burden of taxation has fallen upon real estate.

But even more significant are the figures which show the amount of intangible property assessed under Ohio's severe laws. The re-

ports of the State Auditor show the total amount of money, credits and securities assessed for taxation in each year, and from them the following table may be compiled:

TABLE SHOWING THE ASSESSED VALUE OF MONIES AND CREDITS IN OHIO.

Year.	Money.	Credits.	Securities.	Total.
1881-----	\$40,600,000	\$101,100,000	\$8,600,000	\$150,300,000
1893-----	41,600,000	111,200,000	9,700,000	162,500,000
1906-----	59,900,000	77,200,000	10,800,000	147,900,000
1909-----	58,000,000	70,300,000	9,100,000	137,400,000

It will be observed that under the operation of the tax-inquisitor law the amount of intangible property assessed for taxation increased but \$12,000,000 during the twelve years from 1881 to 1893—an amount which is absolutely insignificant when compared with the growth of the State in wealth and population during this period.

Since 1893, moreover, there has been an actual decrease in the amount of intangible property placed upon the assessment roll, showing that even Ohio's rigorous system, supplemented by the barbarous tax-inquisitor law, has singularly failed in its effort to reach this class of property. And these figures, which show the results for the entire State, are very far from revealing the real inefficiency and iniquity of the system. In the cities of Ohio, where the amount of intangible property is greatest, the assessments are smallest; and in the country districts, where the amount of such property is relatively less, the assessments are highest. In Cincinnati, where the tax-inquisitor system first took root, the escape of intangible property from taxation is notorious; and the same thing is true of Cleveland and the other larger cities in the State. Not only has Ohio failed to reach the general mass of intangible property, but it has failed most signally in those counties where the accumulations of such property are greatest. Here, as elsewhere, the rule holds true that the taxes falling upon personal property are in inverse proportion to the ability of the citizens to pay. The conditions were truly described by the Ohio Tax Commission in 1893: "It must be perfectly apparent that we do not succeed in getting upon the tax duplicate any appreciable part of the personal property which is not tangible and which is not in sight;" and again: "The system as it is actually administered results in debauching the moral sense. It is a school of

perjury. It sends large amounts of property into hiding. It drives capital in large quantities from the State."

In this place it is proper to remark that Ohio for many years has been endeavoring to obtain a thorough revision of her system of taxation. Amendments to the Constitution which, if adopted, would have permitted the State to abandon the attempt to tax all property at a uniform rate and introduce a modern system of taxation, were submitted at the general elections in 1903 and 1908, and lost because of a constitutional requirement that an amendment, to be adopted, must receive a majority of all votes cast at the election. No one denies that the existing system is a complete failure, and one of the principal objects of the proposed reform is a change in the taxation of personal property.

Experience of other States similar.

It is needless to consider in detail the experience of other States. None have enacted severer laws than Ohio, and in none has the attempt to tax all property at a uniform rate ever met with success. So far as personal property is concerned, the situation has been so accurately described in a decision of the United States Circuit Court of Appeals that the present commission cannot do better than quote this opinion as its own:*

The taxation of personal property has always and everywhere been a vexatious problem. Horses and cattle, wagons and carriages, the implements of husbandry and household furniture—all things, in fact, which are visible, and cannot readily be concealed, including therein shares in incorporated companies, which may be compelled by the law creating them to make returns—are within comparatively easy reach of the tax assessors. But the great mass of personal property, in which the wealth of a country is invested, consisting of bonds and other evidences of credit, which can be readily hidden, escape the eye of the assessor; and nothing is more conclusively settled by human experience than that it is impossible to collect taxes upon this kind of property within any reasonable approach to accuracy or equality, and this is not for want of long-sustained and earnest effort to accomplish it. There is a monotonous uniformity in the reports of the failures of every system attempted, however stringent may be the legislation, or however arbitrary or despotic may be the powers with which the assessors may be clothed. The heavy hand of the tax gatherer always falls upon the widow and the orphan, upon trustees and guardians, whose estates are required by law to be revealed to the courts of probate, and upon those only whose consciences are unusually scrupulous, and who,

*National Bank of Baltimore v. City of Baltimore, 40 C. C. A. 257, 258.

having least experience in business, are least able to bear the burdens; while the most inadequate returns are invariably made by the rich, who are usually most ingenious in evasion, and most fertile in expedients to escape taxation. The result is that always and everywhere no appreciable part of such intangible property is reached by laws, however ingeniously framed or severely enforced. The heavy and ever-increasing rate of taxation in our cities makes this result inevitable. Safe investments are rarely found which yield more than 4 per cent., and, the rate of taxation being generally from 2 to 3 per cent., it is not to be wondered at that there should be endeavor to escape a burden which takes more than half of their income. Evasion and downright perjury is the consequence.

THE TAXATION OF MONIES, CREDITS AND SECURITIES IN KENTUCKY.

Owing to the fact that our tax administration in Kentucky is without a responsible head and without continuity, no officer of the State has ever seen fit to compile statistical data covering a series of years, and showing the ratios of assessed values in different classes of property.

The task of compiling such a table is one involving a vast amount of research and grubbing in the dusty records of the State Board of Equalization. It would also have required an investigation of the way in which the original figures were compiled and a reconciling of different rubrics one with another in order to be sure that the figures related to the same things.

If there were the slightest reason for believing that the Kentucky conditions were in any substantial way different from those in other States we should have cheerfully undertaken the task. But it is admitted on all hands that they are substantially the same.

However, to test the matter we took a few samples from recent reports.

In 1904 the total roll was \$630,795,464, and monies, credits and securities were assessed at \$68,829,446, or 10.9%.

In 1911 the total roll was \$846,450,020, and monies, credits and securities were assessed at \$83,468,030, or 9.8%.

In 1906 the ratio was 10.8%.

In 1907 the ratio was 11.5%.

In 1908 the ratio was 10.1%.

In 1910 the ratio was 9.5%.

As we said in our preliminary report:

"The State of Kentucky received more revenue for the year 1912 from its dogs than it did from all the bonds, monies and stocks in the State."

When finally we note that money, credits and securities taxed in 1910, the year of the census, were \$79,000,000, or only \$34 per capita, the necessity for further research seems to disappear.

Nobody can seriously maintain that *all* monies, credits and securities are taxed or any substantial part.

Tax Commission's view of the situation.

In the opinion of the Commission, the present methods of taxing money and credits are ineffective in producing revenue and highly unjust in their operation on individual taxpayers. They constitute one of the gravest problems connected with our system of taxation, and until they are changed our tax laws will remain vitally and fundamentally defective.

Two opposing theories of solution.

In considering possible remedies for the admittedly unsatisfactory outcome of our taxation of intangible property, we find there are two opposing schools of thought. Representatives of the one school have urged that most, if not all, classes of intangible property should be exempted from taxation upon the ground that it is impossible to tax them with a reasonable approach to equality or certainty. They contend, furthermore, that credits and most classes of securities represent merely titles or evidences of ownership of tangible property which is already taxed either in this State or in other States where it happens to be located. To tax this tangible property and then to tax the evidence of ownership in it, is declared to be double taxation; and, since the tangible property is always taxed at its situs, it is considered unjust to levy a second tax upon credits or securities. Representatives of the other school contend, as they have always done, that the evil of double taxation is not so serious as is alleged; and that it is unjust that persons who draw large incomes from intangible property should enjoy full protection under the laws of the State and yet contribute nothing to the support of public charges. They admit that there is much evasion of the present tax upon personal property, but contend that the true remedy is to strengthen the existing law and improve the methods of administering it.

1. Exemption of all intangible property.

Representatives of the first school have urged the Commission to recommend to the Legislature that all forms of intangible property be exempted from taxation.

This passage was written before the November elections and we do not even yet know the fate of the Constitutional amendment. Under the present Constitution monies, credits and securities cannot be exempted. Nor can they be exempted under the proposed amendment. But they can be taxed in a manner different from other property and can in that way be made to contribute something.

The Supreme Court of Washington, passing on a similar provision in the Constitution of that State in *State ex rel. Wolfe v. Parmenter*, 50 Wash. 164, held, with one dissenting opinion, that the Legislature has power to exempt credits from taxation. But with all due respect to that eminent tribunal, the Commission is convinced by the reasoning of Judge Fullerton in his dissenting opinion that our Constitution will not permit the total exemption of such property from taxation.

2. Strict enforcement of existing law.

Representatives of the second school do not seem to realize that a tax of 1 to 3 per cent. upon the fair cash value of good securities is equivalent to a tax of from 20 to 60 per cent. of the income received by the taxpayers. On securities yielding the investor 6 per cent. such a tax takes 17 to 50 per cent. of the income; and on those yielding 3 per cent. it would take in some instances the entire income. These rates are exorbitant in themselves and are so excessive that they are virtually uncollectible except from the most helpless or ignorant taxpayers. Outside of our American States, no civilized government in the world thinks of levying such heavy taxes upon property as mobile and as readily concealed as money, credits and securities. Here and there a widow, an executor of some estate, or some person ignorant of methods of evading the law, may have to submit to our present tax upon a full valuation; but no one else thinks of submitting to such taxation. Very few people will pay a tax of \$30 on the thousand on investments yielding only 3, 4 or 5 per cent. The Commission has been unable to find a single advocate of this plan who considers that he himself ought to pay a tax amounting to one-third or one-fourth of his income; and it is forced to the conclusion that the State should not compel anyone to do so.

To this conclusion it may be replied that if all intangible property were placed upon the assessment rolls at its full value the average tax levied throughout the State would be very much reduced. This is undoubtedly true, and it would be worthy of consideration if there were the slightest possibility that all such property could be found and assessed by the methods proposed. But in point of fact there is no such possibility.

Our present laws make tax-dodging exceedingly profitable and in many cases almost a necessity for the resident of the average city or town who owns any large amount of taxable securities. He cannot, and in justice should not pay a tax amounting to one-third or one-fourth of his income; and if pressed by the assessors he either makes a false return or else moves to a more favored locality. We are not now considering the case of a man who is unwilling to make any contribution to the support of public charges, but rather the case of the average citizen who is undoubtedly willing to do his duty as a taxpayer. If he owns taxable securities, he has no alternative but to evade taxation or pay an unreasonable and confiscatory tax. The result of the drastic tax laws of Ohio was to drive many people from the State, and the Commission has heard of similar instances in Kentucky. After all, the purpose of a tax law is to obtain revenue, not to annoy and harass the citizens; and a tax which would drive capital from the State is the most unwise tax that could be placed on the statute book.

It is always to be remembered that there is an absolute limit to the tax rate which a government can impose upon any class of property. During our Civil War the United States attempted to collect a tax of \$2 per proof gallon upon spirits, with the result that the law was evaded to such an extent that the revenue was greatly reduced; and it was found that when the tax was reduced to 50 cents per proof gallon the revenue increased from \$14,290,000 to \$33,735,000. Similar instances abound throughout the literature of finance. It is sufficient at this point for the Commission to record its belief that a tax of 1 to 3 per cent. upon money and credit is higher than any government in the world can collect with even tolerable certainty or uniformity. So far as we can learn, no such tax ever has been collected, and we see no reason to think that it ever can be.

Solution of the problem.

If the Constitutional amendment recently voted upon becomes a part of our organic law then the solution of the problem is probably to be found by adopting in substance the Connecticut system modified by certain features of the New York law. Those systems are both set forth in the Appendix. As modified to meet our needs the plan will be in substance as follows:

(1) Money, credits and all taxable securities will be declared a class by themselves for purposes of taxation.

(2) This class of property will still be liable to taxation for all purposes substantially as at present unless the taxpayer exercises the option in (3) below. Taxpayers will be more than ever called upon to declare them and Assessors will be required to make diligent search for them under the general supervision of the State Tax Commission. Administrative machinery like that in use in Pennsylvania will be devised to make corporations aid in the revelations of taxable stocks and bonds.

(3) Any taxpayer holding such taxable securities may pay to the State a tax at the rate of not less than 3 nor more than 6 mills per annum (the rate to be determined by the Legislature) and that payment shall be in lieu of all other taxes on the security.

(4) The payment of the tax will be made by the purchase of stamps furnished by the Auditor to be attached to the securities and canceled.

This plan not untried.

Taxation of money, mortgages, credits and securities by this plan or analogous plan, is not untried. We have a number of models to choose from. They are set forth in detail in the Appendix. We summarize them here.

The essence of each plan is to draw this class of property out of hiding by imposing on it a light tax only.

The plans in practice fall into two classes. The first class is a registration on a stamp tax, the payment of which grants exemption for a fixed period of time for the life of the debt.

There is no assessment or valuation made, but the tax is on the face value of the debt. The rates are low compared with those on property in general, which is the real inducement which brings the securities out of hiding. Connecticut and New York offer two types of this class.

The second class is a tax based on an assessed value, but at a fixed tax rate lower than the rate on property general. In this case the assessment is made presumably as of other property. Pennsylvania, Maryland, Minnesota and Iowa offer examples of this second type.

THE FIRST TYPE OF SECURITY TAX.

Connecticut.

Any holder of a taxable security may send it to the State Treasurer and pay to the State a tax of 2% of the face value for five years or at the same rate (4 mills per annum) for a greater or less number of years. The security is then otherwise exempt for that period. In Connecticut part of the proceeds is distributed to the town where the taxpayer lives. The Tax Commissioner claims he has difficulty in making this distribution. This law has been in force for a long time.

New York.

New York has passed three laws on this subject. The first was the Mortgage Tax Law. This provides a tax of fifty cents for each one hundred dollars or fractions thereof of the principal of the debt secured. The tax is to be paid to the recording officer when the mortgage is recorded. No other taxes are imposed on the mortgages. The tax is paid once and for all and not for any specified period of time. The annual yield is nearly \$4,000,000.

The second was the stock transfer tax. This is a tax on stock exchange transactions and cannot be adapted to our use.

The third is of very recent enactment and has been collected for but little over two years. We have data only up to September, 1912. It is known as the Tax on Secured Debts. It is a stamp tax at the rate of fifty cents per \$100 on bonds, notes and other debts in lieu of all other taxes. It, also, is paid once for all and not for a specified time. The yield the first year was \$1,852,000. The income may fall off, since owing to the absence of a time limit to the exemption securities taxed the first year will not be taxed again.

THE SECOND TYPE OF SECURITIES TAX.

Pennsylvania.

For thirty years Pennsylvania has taxed intangible property at a uniform rate of 4 mills upon each dollar of the fair cash valuation (\$4 per \$1,000). As found in the statutes, the tax has two parts: first, a tax upon intangible property other than corporate loans; and second, a tax upon the loans of counties, municipalities and business corporations doing business in Pennsylvania. In reality, however, the two laws form a single consistent scheme for the taxation of intangible property at a uniform rate. The tax on intangible property other than corporate loans is administered by county officials. It applies to money at interest, money owing by solvent debtors, mortgages, public securities not exempt from taxation nor included in the tax on corporate loans, and shares of stock in all corporations other than companies subject to taxation upon their capital stock or their business in Pennsylvania. It is collected by the counties and paid into the State treasury, but the State then returns three-fourths of the proceeds to the various counties. The tax upon corporate loans is deducted by the treasurers of counties, municipalities and business corporations when paying interest upon loans, and is paid directly into the State treasury, the proceeds accruing wholly to the State.

The Supreme Court of the United States has decided that a State has no constitutional power to require corporations to deduct a tax from interest paid to non-resident bondholders. It has further decided that foreign corporations doing business in the State cannot be required to deduct a tax from interest money disbursed in another State. The practical outcome, therefore, is that the tax on corporate loans has been collected chiefly from Pennsylvania corporations, and then only from interest paid on bonds owned by residents of Pennsylvania. The two taxes herein described apply to all money, all credits, all stock in business corporations not taxed directly by the State, and to all county, municipal and corporation loans owned by residents of Pennsylvania.

In Pennsylvania the tax upon intangible property other than corporate loans is assessed by the county officials upon the basis of returns made by the taxpayers. The law requires every person to make a return of all taxable money, credits and securities; and this statement must be made under oath. Upon the refusal or failure of

any person to make the required returns, the assessors are authorized to make an assessment from the best information they can obtain; but the Commission learns that in most counties of the State this arbitrary assessment law is not rigidly enforced. A very large part of the tax, possibly 50 per cent., is collected from mortgages on real estate, since the law makes rigorous provisions for ascertaining the ownership of this class of property; a considerable amount is paid by trust companies upon personal property which they hold in trust; and the remainder, possibly 30 or 35 per cent., is paid by individuals assessed by sworn return or by arbitrary estimate. Even allowing for the large amount collected from mortgages, the increase of property taxed by the county officials at the rate of 4 mills has been very remarkable, as shown by the following table:

**TABLE SHOWING THE AMOUNT OF INTANGIBLE PROPERTY
LOCALLY ASSESSED IN PENNSYLVANIA.**

1885-----	\$145,300,000	1900-----	\$722,900,000
1888-----	429,800,000	1903-----	847,100,000
1891-----	575,300,000	1906-----	932,900,000
1894-----	613,900,000	1907-----	1,014,000,000
1897-----	673,700,000		

Even if one-half of the assessment represents mortgages on real estate, the results are striking. In other States we have shown that personal property, particularly property of an intangible character, forms a decreasing proportion of the total assessment and sometimes fails to increase at all with the growth of wealth and population. But in Pennsylvania during the last twenty-five years intangible property taxed at the rate of 4 mills has increased much more rapidly than the valuation of real estate, which between 1885 and 1903 increased from \$1,697,202,000 to \$2,986,197,000. The most remarkable increase in the assessment of intangible property occurred between 1885 and 1888, and resulted from a stricter assessment law. But even after 1888, the law remaining unchanged, the assessments showed a normal and healthy increase, as the assessment of property should in a community that is increasing in wealth and population. With the single exception of Maryland, no such results have been achieved by any other State in the Union.

It is not to be inferred from what has been said that the local assessors discover all intangible property subject to taxation, and list

it at its true value. In point of fact, the administration of the Pennsylvania law is far from rigorous; and, except in the case of mortgages and personal property held in trust by trust companies, there is more or less evasion. But, even so, a far greater proportion of such property is reached than in other States, and the persons who are taxed pay a reasonable rate, which does not produce material hardship. The tax is not looked upon as odious or confiscatory, and yields a substantial revenue which steadily increases from year to year.

The tax upon corporate loans is collected by methods which make evasion comparatively difficult. Although limited in its operation to bonds owned by residents of Pennsylvania, the yield has steadily increased at a satisfactory rate. From 1886 to 1890 the receipts averaged \$300,000 per year, this amount being somewhat less than usual, because considerable sums were withheld by corporations pending the outcome of litigation. From 1891 to 1895 the receipts averaged \$1,130,000; from 1896 to 1900 they averaged \$1,260,000; from 1901 to 1905 they averaged \$1,530,000, and in 1906 amounted to \$2,352,000. Here, as in the figures showing the results of the tax upon tangible property assessed locally, we find a healthy and normal increase. It is clear that the tax on corporate loans, even though it is collected only on securities held in Pennsylvania, does not drive this class of property out of the State. The legal questions which originally arose under the requirement that the corporations deduct the tax have now been settled, and it may be regarded as established that a State has the right to require domestic corporations to deduct a tax in this manner from the interest on securities owned by residents. In recent years corporations have often voluntarily assumed the payment of the tax, in order to be able to advertise that their bonds are non-taxable in Pennsylvania.

From the figures just given, showing the yield in 1906, it can be computed that the tax on corporate loans reached approximately \$600,000,000 of property. If we add to this figure the \$1,014,000,000 of intangible property assessed by the county officials, we have a total of \$1,614,000,000 of intangible property taxed in Pennsylvania. This figure excludes the shares of corporations taxed directly by the State. It amounts to nearly one-half of the assessed value of real estate subject to taxation in Pennsylvania, and is \$391,600,000 greater than the entire assessed value of all classes of real and personal property in Minnesota in 1910. If we deduct the amount representing the

probable assessment of mortgages, we still have more than \$1,000,000,000 of intangible property assessed for taxation. No other State in the Union has ever made an equally favorable showing. Ohio, with a far more drastic law, assessed in 1906 only \$147,900,000, and this includes mortgages; so that the figures are to be compared with the total of \$1,614,000,000 in Pennsylvania. Since 1906 the assessment in Pennsylvania has steadily increased, while in Ohio it has decreased more than 7 per cent.

Successful taxation of intangible property in Maryland.

The experience of Maryland is as interesting and instructive as that of Pennsylvania. In 1896 a law was enacted which limited the tax which cities and counties could levy on certain classes of securities to 30 cents on each \$100 of the valuation (\$3 per \$1,000). This applies simply to the bonds of all corporations, public as well as private, and to the shares of foreign corporations. Shares of Maryland corporations, since they are reached in another way, are not subject to local taxation. In addition to the local taxes of 30 cents per \$100, the securities included in the provisions of the act of 1896 are subject to the State tax, which usually amounts to 16 cents per \$100; so that the combined State and local taxes amount to approximately 46 cents per \$100 (\$4.60 per \$1,000). For fourteen years, therefore, Maryland has had a uniform tax of moderate amount upon certain classes of securities, and the results of the law have been most striking.

No statistics are obtainable for the entire State; but the bulk of this property undoubtedly is held in the city of Baltimore, and in that city complete statistics are available.

**TABLE SHOWING ASSESSED VALUE OF SECURITIES TAXED
IN THE CITY OF BALTIMORE.**

1896.....	\$6,000,000	1902.....	\$89,900,000
1897.....	55,000,000	1903.....	94,300,000
1898.....	55,000,000	1904.....	85,900,000
1899.....	61,900,000	1905.....	104,200,000
1900.....	65,800,000	1906.....	120,400,000
1901.....	68,900,000	1907.....	150,900,000

In 1896, when these securities were taxed at the full local rate, which was then about \$20 per \$1,000, the assessment was not more than \$6,000,000. The following year, when the tax rate was reduced

to about \$4.60 per \$1,000, the assessment increased more than nine-fold. Since that time the assessment has nearly trebled, and Baltimore is now *taxing twenty-five times* as much of this class of property as it taxed in 1896 at the higher rate. An interesting comparison can be made between Boston, where they tax nearly all intangible property the same as we do, and Baltimore. According to estimates furnished by the Board of Assessors, it appears that in 1907 about \$110,000,000 of intangible property was assessed in Boston. This included money on hand, on deposit and at interest, debts due to taxpayers, municipal bonds and other public stocks or securities, shares of foreign corporations and bonds of all corporations, domestic and foreign. At the same time, in Baltimore, under the operation of the uniform tax, the assessment upon shares of foreign corporations and bonds of domestic and foreign corporations amounted to \$150,900,000. Baltimore has not quite the population of Boston, and if there is any difference in the wealth of the two cities, that of Boston is undoubtedly the greater; while the Baltimore taxes applied to only three of the five classes of property included in the Boston assessment. Moreover, the assessment in Baltimore was made under an antiquated law. The Maryland law does not provide for annual reassessments of the whole city, and the force at the disposal of the assessing department is so small that a complete annual assessment could not be had, even if the law required it. Moreover, arbitrary valuation is very rarely employed, and practically the whole assessment is based upon returns of taxpayers. That, under such circumstances, Baltimore should assess \$150,000,000 of the specified securities, while Boston assesses but \$110,000,000 of intangible property of all descriptions, is a fact of the utmost significance. It shows that people will voluntarily return for taxation at a reasonable rate far more property than the most arbitrary dooming law can place upon the assessment list.

If we compare the assessment of intangible property with the assessment of real property in the two cities, the results are equally striking. In 1907 Boston assessed \$110,000,000 of intangible property of all descriptions, while the assessed valuation of real estate was \$1,070,000,000, the former class of property amounting to about 10 per cent. of the latter. In Baltimore the same year the valuation of real property was \$306,000,000, while the valuation of the specified classes of securities was \$150,900,000, or approximately 50 per cent. of the real property. It is probable that in Baltimore the assessed

value of real estate forms a smaller proportion of its true value than would be found to be the case in Boston; but even if we suppose that the assessed value of real property in Baltimore should be increased 100 per cent. in order to make the figures comparable with the figures for Boston—a highly improbable assumption—the comparison would still be very greatly in favor of the former city.

The testimony of the most competent observers is highly favorable to the Maryland law. Judge Oscar Leser, of the Appeal Tax Court, who has had better opportunities than anyone else for studying the matter, has expressed his views on the subject as follows:

Although we believe that the proportion of the entire tax received by the State is greater under our system than it ought to be * * * the new law has produced highly beneficial results. It has largely taken away the incentive to perjury on the part of the taxpayer and it has encouraged the investment of money in taxable securities, while at the same time a substantial revenue has been vouchsafed both city and State. The fixing of a uniform rate throughout the State has taken away the former inducement of the owners of such intangible property either to remove into adjoining counties where the local tax was less, or to fraudulently claim a taxable residence outside of the city limits. It can be readily seen that the moral effect of such a law has been highly beneficial. In an indirect way it has stimulated honesty in other matters affecting taxation, because the man who would lie or cheat in regard to one species of property is very likely to do the same thing in regard to other species. It is generally admitted and recognized here that the burden thus exacted from security owners is reasonable. Hence public opinion fully supports the law and frowns upon any attempted violation of it.

Judge Leser has further stated that the officers of the Appeal Tax Court feel that they are enforcing a reasonable law, which is in no way odious and has the support of all right-minded citizens—a statement which could be made by any assessor or board of assessors outside of the States of Pennsylvania and Maryland.

The Mayor of Baltimore has recently appointed an advisory committee on taxation, which has made a careful study of the revenue system of the city. Professor Jacob H. Hollander, of Johns Hopkins University, a member of this committee, gives the following testimony:

Ten years ago the city of Baltimore, through fiscal exigency rather than in consequence of scientific analysis, was supplied with a method of taxing so-called "intangible wealth," which in the decade of its operation, under but fairly efficient administration, has placed a steadily increasing assessment upon the tax books, to the material betterment of the city treasury, to the appreciable relief of the overtaxed real estate owner, to

the manifest improvement of local tax morality, and to the lessening of county immigration for tax purposes. While the results thus obtained have been absolutely substantial and relatively favorable, they are very far from representing maximum possibilities. During the decade under consideration Baltimore suffered a devastating conflagration, involving the destruction of many millions of tangible property, and the necessary liquidation and conversion of considerable holdings of securities. The whole system of capital holding was disorganized, and only during the last two years has anything like equilibrium returned. Moreover, the assessing force, although a substantial improvement over the older conditions, leaves much to be desired, both on the score of numbers and expert equipment. The whole basis of securities now upon the tax books, exclusive of the original listing, represents little more than the spasmodic efforts of an inadequate force working upon the problem at hand, under intelligent direction, but without systematic plan in pursuit. I have no hesitation in saying that not only are better results obtainable, but, more than this, that any conceivable kind of tax would work poorly if similarly handicapped in administration. That under these conditions the results have been so favorable confirms the fiscal possibilities of the measure at its best.

Minnesota.

In 1907 a tax of fifty cents per hundred dollars was placed on all mortgages. This was in lieu of all other taxes. There is no time limit to the exemption.

In 1911 a special tax of 3 mills (one mill less than was recommended by the tax commission of that State), was imposed on money and credits other than mortgages in lieu of all other taxes. The Minnesota Tax Commission describes this as follows:

“Realizing the difficulty of reaching this class of property for purposes of taxation under the prevailing system, the Legislature, in 1911, passed a law imposing a flat rate of three mills on the dollar on such property. It was felt that a low uniform rate of taxation would result in placing a large amount of this class of property on the tax rolls that had heretofore entirely escaped taxation. It was contended that the average man desired to be honest and that a low rate would permit him to make a truthful return of property of this character that he might own without the fear of having most of its income confiscated for taxes.

“The results of the first year under the new law have fully justified these conclusions. The assessed value of this class of property returned for taxation in 1910, under the old law, amounted to less than \$14,000,000, while in 1911 the amount listed for taxation under the new law exceeded \$115,000,000, an increase of nearly 850 per

cent. in one year. In 1910 the assessed value of this class of property represented only 4.2 per cent. of the bank deposits of the State, while the assessment of 1911 amounts to 33.8 per cent. of such deposits.

"Notwithstanding the low rate the total tax derived from this class of property in 1911 was but slightly less than in 1910, 67 of the 86 counties of the State showing an actual increase, while 52 of the 64 cities and villages of the State having a population of 2,000 and over made substantial gains in revenue over 1910. Not only is the increase a very gratifying one, but the returns show conclusively that the tax is much more equitably distributed among the people than it was under the old law.

"It is confidently expected that the assessment this year will show a considerable increase over last year. The purpose of the law is now better understood by both the people and the taxing officials than it was a year ago. The tax imposed under the law is not burdensome; it has been sustained by the Supreme Court, and is now an established part of the taxing system of the State. It is entitled to a fair trial, and if the ultimate results after it has had a fair trial are not satisfactory it can be repealed.

"Some criticism of the law is heard because it does not permit of the deduction of debts from credits. It should be remembered, however, that a person who owes a debt on his farm or his home, or on his farm implements or household goods or merchandise is not permitted to deduct such debt from the assessed value of the property. There is perhaps as much justification on the grounds of equity for deducting debts from these classes of property as from credits, but no such deductions have ever been permitted under the law. In the opinion holding that debts cannot be deducted from credits the Supreme Court says::

"Though this result leads to a departure of the long settled policy of the State to allow the deduction of debts in taxation of this kind, that policy was at its inception of doubtful merit, in that it extended to one class of taxpayers a favor not granted to others. It permitted the taxpayer holding credits to deduct his debts from the amount of his assessment, and denied the right to any owner of other property who was also in debt."

Iowa.

Iowa has recently adopted practically the same law. The law is reproduced in full in the Appendix.

Data are lacking as yet as to how the Iowa system is working.

CONCLUSIONS OF THE COMMISSION.

In view of the uncertainty as to the validity of the constitutional amendment the Commission can make only a tentative recommendation. It offers for consideration the draft of a bill prepared by its expert embodying the best features of the tax laws of New York and Connecticut with some modifications from the laws of other States. That bill will be found in the Appendix. The Commission is inclined to the view that this bill should not be passed at the present session but that the matter be referred to the permanent State Tax Commission for further consideration, with instructions to make further recommendations at the next session.

CHAPTER V.

MINOR DEFECTS IN THE TAX LAWS WITH PROPOSED REMEDIES.

The taxpayer's statement.

The taxpayer's statement, as provided by the statute, is too long. It is more bewildering than awe-inspiring. There are one hundred items called for. Yet the City Assessor of Louisville gets along with a schedule containing only forty items and gets good results. We believe even that one is too long and that it can be simplified.

Forms of this character should not be fixed by statutory provision. They should be drawn up by an executive officer. The law should prescribe only the main entries, the results aimed at. We have provided that the State Tax Commission draw up the form.

Simplified assessment books.

The assessment book contains far too many columns for entries and call for too great a refinement. It can be greatly simplified, with a gain in accuracy at the same time.

While it contains too many items, it omits several that are vital. There should be a column for the entry of the assessed value of the improvements, separate from the value of lands, as above set forth. There should also be marginal columns for the extension of the taxes and for entering the date of payment. These last omissions are so serious, involving a complete breakdown of the audit, that they will be separately discussed. They rise above the level of "Minor Defects." They are of capital importance.

The assessment roll should be the warrant for the collection of taxes.

One most singular and unusual defect of our tax system is the fact that the sheriff has no complete warrant for the collection of taxes except against delinquents. It is hardly to be supposed that a sheriff would arrest a person without a warrant. But he regularly collects taxes—arrests a man's money—without any proper warrant.

To be sure our law provides that "No sheriff shall receive or re-

ceipt for any taxes until a copy of the Assessor's books, as approved by the Board of Supervisors, has been delivered to him by the county clerk, or the list filed in the county clerk's office has been certified to him by said clerk." But as a matter of fact, the Assessor's book contains no reference to taxes, but relates to property only.

Under Chapter 131, Law of 1912, the county clerk is to make out the tax bills and deliver them to the sheriff. The cumbersome form of the tax bill prescribed by this law, and the absence thereon of a stub for the sheriff's daily cash account, have caused so much complaint that it is safe to assume that these faults will be remedied at the next session of the Legislature, at the suggestion of the sheriffs and of the clerks.

We respectfully submit that a tax bill is not a warrant for collecting taxes and that the assessment roll as now made up, without showing the taxes due, is also not a warrant; it is merely a public record of property assessed for taxes.

The taxes should be extended on the assessment roll itself opposite the total assessment of each person. No taxes unless so extended should be collectible. If the county clerk extends the taxes on the assessment roll and the sheriff marks them paid, or delinquent, as the case may be, on the same roll, and if the clerk charges the sheriff with what is extended on the roll, it becomes a matter of secondary importance how the tax bill is made out or by whom. The only essential requisite is that the bills be uniform throughout the State. The sheriff becomes accountable in this way for all monies charged him on the roll.

Furthermore, "omitted taxes" should not be collected until after the property to be assessed therefor has been entered on the roll, which can be done by the clerk at the time the omission is discovered. And lastly, as suggested in Part 2, all assessments made by the State boards, of property taxable in the county, should be the sole authority, permit, warrant or whatever you like to call it, for the collection of taxes.

Collection of delinquent taxes.

All taxes are a lien on the property of the taxpayer. If he fails to pay them, the property may be seized and sold and the taxes thus recovered. This is a universal rule.

In the administration of this rule as originally commonly enforced,

certain abuses are apt to grow up. These abuses still flourish in Kentucky. The main abuse is that some sharp individual will watch the delinquent list and buy up the property sold for taxes and make large profits thereon. It is usually the ignorant or the poor who lose their property in this way. Some of them become the tenants of the "tax sharks" on what was once their own property. Where there are numbers of ignorant negroes these abuses are very prone to arise.

It is no proper part of the purpose of seizing and selling property for the collection of unpaid taxes to let the shrewd and cunning profit by the ignorance and poverty of others.

The sole legitimate purpose of seizing the property is to maintain the continuity of the public revenues. If there may be any incidental profit, over and above the taxes, to be won in the process, that profit should accrue to the government, or for the benefit of all.

All the legitimate ends to be attained in this part of the process of collecting taxes can be attained by a simple device which shuts out the "tax shark" entirely and affords the delinquent taxpayer every reasonable opportunity to redeem his property. This device has been in operation in other States with conspicuous success.

The plan referred to consists of the following steps:

(1) Notice of delinquency is published and ample opportunity for immediate redemption is afforded. This opportunity is, however, practically restricted to the owner, the mortgagee or a person having a legal interest in the property. Payment by any other person will not create a lien on the property in favor of such a person, although, of course, it releases the property.

(2) After a proper interval the property is sold. But it is sold to the Commonwealth. This sale is a suspended sale, the main record of which is on the assessment roll. The Commonwealth holds the property for five years, subject to redemption at any time, with proper accumulating penalties to add a stimulus for redemption.

(3) Meanwhile, the property is reassessed and each year's taxes, if not paid, become an additional lien, subject, however, to redemption in the same manner as the first year's taxes.

The continuance of the public revenues is thus assured.

Each reassessment affords an opportunity to ascertain the cause of delinquency and to bring to the attention of the delinquent the danger of losing his property.

(4) If, however, the delinquent still fails to pay, at the end of

five years, a formal deed is issued conveying the property to the Commonwealth. This deed quashes all other titles, liens or claims, because a tax lien is always antecedent to any and all other liens.

(5) The Commonwealth now in full possession of the property proceeds to sell it. The taxes so recovered are paid and the surplus goes to the benefit of such funds as the Legislature may in its wisdom direct. No private person benefits.

Under a commission system of control of the revenues, with active district tax commissioners, it is generally possible to find out the cause of delinquency and to bring about the payment of taxes long before the deed to the Commonwealth issues. Few, therefore, suffer great damage even by their own neglect.

The one weak point developed in some States has been that certain properties, possibly of little value and overassessed, accumulate in the hands of the State, while the old owners go on living on or using the land regardless of the fact that they are trespassers.

This weakness is guarded against in the proposed statute in several ways. The custody of the land so acquired is placed in the hands of the State Tax Commission, which in its deputies, the District Tax Commissioners, has a ready agency for supervision. It can search out trespassers and evict them. But, furthermore, as there is no object in having the Commonwealth hold the property longer than is necessary to protect the revenues, the Commission is required to proceed at once to sell the land. In so doing it is directed to do what any business man would do in a similar case: (1) offer it to the first comer at a fixed price, not less than the assessed value; (2) that failing, put it up at auction with a fixed minimum price not less than the taxes, penalties and costs due; (3) that failing, to sell at auction with no limit.

It is hardly conceivable that a purchaser will not be found by some one of these steps. If, however, any considerable amount of property should, in the future, accumulate, the Legislature will have ample time to provide another means.

At first sight it may appear that this gives much power to the State Tax Commission and might offer temptation to graft. But that is not the case. The whole procedure is under the eye of the District Assessor, the Sheriff, the County Clerk, the County Court, the Fiscal Court and the Auditor of Public Accounts, to say nothing of the

private individuals who may be interested to purchase. With such publicity the procedure is absolutely safe.

As the rights of redemption under the old law as to old taxes are unexpired, provision should be made with the change of law to continue the old provisions in a "validating act" until the last rights under the old law shall have expired.

CHAPTER VI.

OTHER PROPOSED REMEDIES NOT RECOMMENDED

An income tax.

It will be observed that in all of the foregoing we have not proposed any radical departure from the principles existing in taxation now in force in Kentucky, but that we have recommended only such changes as are aimed to make the administration of the law effective. It might be possible to bring about a great improvement by the adoption of some entirely new kinds of taxation—the income tax, for example. Inasmuch, however, as the Federal Government has started the taxation of incomes, it seems to us that field is closed for State revenues.

Separation of State from local taxation.

Another remedy for evils somewhat similar as those which exist in Kentucky is that which is commonly known as the “separation of State from local taxation, as to sources of revenue.” This remedy has been tried in California, and we are informed may be characterized as conspicuously successful. There the State government is supported by revenues derived from taxation of public utilities, banks and insurance companies, by the old poll tax, the inheritance and a number of other revenues, and the State levies no ad valorem tax whatsoever upon what might be called the average run of taxpayers, that is, ordinary real estate and personal property. This plan was recommended for our State by our Tax Commission of 1909. It was favorably commented on in the preliminary report of this Commission.

In his preliminary report, Prof. Plehn said of this system:

“The very fact that I have been employed for this investigation directly implies that there was an expectation that I might be able to work out such a system for Kentucky. For these reasons I have given, to the possibility and desirability of this remedy, as much, if not more, study than I have given to any other

part. But I have been forced to the conclusion that it is not, at present, a possibility, nor is it desirable. The main reasons for the introduction of that system in California do not exist at all in Kentucky. It would not be feasible here, at the present time, because the amount of property belonging to the public utilities and the banks, which would be the logical subjects for State taxation, is not large enough by itself to support the State government. It would require a total valuation of property, amounting to about \$700,000,000, to provide the State with a substitute for the revenues now derived from the general State tax of fifty cents on \$100.00 worth of property assessed, and the total value of all the property belonging to the public utilities and banks in the State is only about \$300,000,000."

In the Appendix we submit a full and detailed statement showing the amount of this property and its distribution among the various counties and all other data which led to this conclusion.

Part III.

THE BILLS IN DETAIL.

CHAPTER I.

THE GENERAL REVENUE.

The general revenue law of the State of Kentucky was codified into a single act, approved March 15, 1906. This act has been amended a number of times since then, and includes the following articles, as carried into Carroll's Statutes:

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| Art. I.—General Provisions. | Art. X.—Collection of Taxes by Attachment. |
| Art. II.—Assessment of Property by Assessors, and Their Duties. | Art. XI.—License Tax on Corporations. |
| Art. III.—Assessment of Old Land Grants. | Art. XII.—License Tax. |
| Art. IV.—Assessment of Certain Corporations. | Art. XIII.—Tax on Organization of Corporations, License Tax of Foreign Corporations. |
| Art. V.—Assessment of and Payment of Taxes by Railroads. | Art. XIV.—Tax on Law Process. |
| Art. VI.—Assessment of Distilled Spirits. | Art. XV.—Duties of Officers in Relation to Revenue. |
| Art. VII.—Board of Supervisors. | Art. XVI.—Report of Officers. |
| Art. VIII.—Collection of Revenue—Sheriff—Bond and Duties. | Art. XVII.—Revenue Agents. |
| Art. IX.—Collection of Taxes and Other Public Money by Action. | Art. XVIII.—Board of Equalization. |
| | Art. XIX.—Inheritance Tax. |

Some sections have been amended since then, but the amendments are not very extensive.

It is not proposed to amend at the present time all of the articles of this act, but only those relating to the general taxation of property and the duties of the officers in relation thereto. The various license taxes and inheritance tax are not disturbed by any of the recommendations made by this Commission, except that their supervision is transferred to the State Tax Commission. Articles one to nine, inclusive, and fifteen to eighteen have been largely rewritten and entirely rearranged in the main statute that is presented. At the same time, care has been taken to retain as many of the old sections as were not decidedly inconsistent with the new plans, and to retain, so far as possible, the old defini-

tions and the particular provisions upon which important decisions of the courts have been rendered.

The new provisions are almost all such as have been tried out in other States, and have been tested in courts there. The following analysis is presented in the sequence of the provisions of the proposed law.

Article I.

Article one of the proposed act begins with general State levy, as did the old act, and in that respect we have made no change. It should be pointed out in this connection, however, that as soon as the assessment of property is brought to its proper level and property is really assessed at its full cash value, as we confidently expect it will be, the State tax rate can be reduced. If the constitutional amendment was legally adopted this section will have to be referred to the people if changed in any way from the old law.

The definitions of property subject to taxation have been rewritten, but not materially changed, except in the following particulars:

(1) Inasmuch as it is proposed by the Commission that the improvements upon real estate shall be assessed and valued separately and apart from the land, a definition of improvements has been introduced.

(2) The definitions as to the situs of personal property for purposes of taxation, especially that of tangible personal property, have been revised so as to make that class of property taxable, so far as possible, where it has its actual physical situs. In so far as these definitions differ from the old law, they are based upon the well-tested law of Massachusetts, which is regarded as one of the best in the country. The purpose of this change is to lessen the dependence on the tax statement.

The section regarding the exemption of property is unchanged. But there should be added to it the new exemption, created by the constitutional amendment voted on last November, if that be upheld, of State and municipal bonds, and by the introduction of the phrase "property exempt under the laws of the United States." The latter property, of course, has always been exempt, but the statute failed to recognize that fact.

Article II.

The old article two, which dealt with the assessment of property by the assessors, is replaced by a new article two, which is divided into three parts. Subdivision one is all new matter and provides for the membership and organization of the State Tax Commission. Subdivision two relates to the powers and duties of the Commission. And subdivision three provides for the district tax commissioners, who are to do the field work of assessment.

SUBDIVISION I.

The State Tax Commission.

This is, of course, the vital part of the whole plan of reform. The provisions for the State Tax Commission are those which have been so fully discussed above in Chapter II or Part II of this report. The aim has been to provide for a commission of men of distinct ability, appointed by the Governor by reason of their knowledge and skill in taxation and without reference to politics.

Subdivision two lays down the general powers and duties of the Commission. These have been drawn from the laws of other States, where they have been proved successful. The duties are specified in section three of the subdivision under discussion, and scarcely need be discussed here, as the purpose is in each case perfectly clear.

Subdivision three carries out the proposals for expert or professional assessors, the district tax commissioners, explained at length above in Chapter II of Part II of this report. Section two provides a means for carrying the county assessors, who were elected last November for a term of four years, into the new system, by making them deputy tax commissioners for the term for which they have been elected. In order that as much as possible of the new system may be carried into effect immediately, these elected county assessors are, it is proposed, to be made deputy tax commissioners and to be grouped into districts and one of them is to be selected to serve as the district tax commissioner and to be, as it were, a foreman or a general district officer over the other county assessors and under the State Tax Commission. He will be the regular means of communication between the State Tax Commission and the assessors of the counties within his district. This arrangement affords a means

of getting as many of the benefits of the new system and as much of it into force as possible so long as the present county assessors still have to be provided for.

From section three of this subdivision to the end of the subdivision will be found the provisions for the regular system which will go into force, unless amended by the Legislature, four years from now. This system has been so fully discussed in the foregoing part of the report that it need not to be discussed in detail here.

The funds for the support of the assessors' offices are provided by the same rates of commission upon the assessed value of property as have prevailed heretofore, but provision is made for ultimately fixing regular salaries, not commissions, for the district assessors and their deputies under the new system. It is to be expected that when the assessed value of property is raised to its full value these commissions will be larger than is necessary, both for the compensation of the district tax commissioners and for the support of their offices, and in that event the balances are to revert to the treasury. It is also to be expected that, during the first year or two, until the assessment shall have been brought up to full value and especially because of the necessity of retaining the present county assessors for the term for which they were elected, the aggregate expenses will be somewhat increased. This is unavoidable, but we are satisfied that the ultimate benefits of a just and equitable tax system and the bringing of property onto the rolls which has not been assessed heretofore, will far more than compensate for this increased expense. It is also provided that cities may adopt the assessments made by the district tax commissioners.

Article III.

Article three of the old law relates to the assessment of old land grants. These provisions are listed for re-enactment, but they are removed from their old place in the statute, because they seem somewhat inconsistent there. In place of this old article, we have inserted a new article three relating to the general assessment of all property. This article falls into three subdivisions, the first of which contains general provisions as to the principles to be followed in regard to the making of assessments.

One of the most important changes in that connection is the provision of Section three for the separate assessment of land and the improvements thereon, and the provision that cultivated and uncultivated lands of the same quality and similar situation shall be assessed at the same value. The reasons for these provisions have been discussed in the foregoing part of the report.

Another very important new provision is in Section six, which provides for tax maps. The importance of this change has also been fully discussed above.

The taxpayer's statement, provided for in Section eleven, is very much simplified, and the preparation of the forms has been made a duty of the State Tax Commission with as free a hand as to details as possible. The confusion which arises from the length of the old tax statements is one of the worst evils of the old system.

In this connection, one important change is that the taxpayer is not to be called upon to value his property, except in instances where the money value provides the only proper method of description. The duty of fixing the value falls entirely upon the district tax commissioner and upon the State Tax Commission.

In section nineteen it is provided that the State Tax Commission may, if it deem it wise, direct the use of standard values for different classes of personal property, when fairly uniform in value. The purpose of this has been explained in the foregoing portions of the report.

The simplification of the tax statement also permits of a simplification of the assessment rolls. In this connection it is important to point out that provision has been made here and elsewhere in the statute for the entry upon the assessment rolls of the county of all the assessments made by the State Tax Commission and heretofore made by the State Board of Valuation and Assessment and the Railroad Commission. Heretofore, the practice has prevailed, in fact was prescribed by the statute, of having the Auditor certify the amount of such assessments to the county for the collection of the local taxes thereon. The amounts of taxable property so certified were not, however, entered upon the county assessment rolls, and, therefore, were never regularly charged to the sheriffs for collection in the same manner as other taxes were charged. They were merely charged on the basis of the Auditor's certification. This loose practice has resulted in a number of abuses. In one

conspicuous instance a large amount of taxes due the county and the town, in which a very valuable franchise had its situs, were compromised, and only a very small fraction thereof was paid. Moreover, this system makes it difficult for other taxing districts, than the county, especially the school districts, to follow up the collection of these taxes. Of course, the Commonwealth is adequately protected against loss of revenue from this source, because the state taxes are collected directly from the companies, but the county and local taxing districts should have the same tax protection. This protection cannot be afforded so well in any way as it will be by having these assessments entered regularly upon the county rolls, in which case the sheriff becomes responsible under his bond for their collection. The confusion in tax collection arising from this source is serious, and may be shown from the following citations from letters received by the Commission when it undertook to ascertain from the public utilities the actual amount of taxes levied on them and paid by them in the different taxing districts. One company doing business in a great many different parts of the State said:

"Of course the company can prepare a list for you showing the taxes actually paid, but this is not what you ask for, and the total of taxes paid would not correspond exactly with the total of taxes levied. This discrepancy arises from the fact that in some of the taxing divisions bills have not been presented and in some cases even *the local officials have refused to accept payment on certifications* which have been made by the State Auditor."

Another company running into many counties and a multitude of districts was assessed by the State Board of Valuation and Assessment in 1911 and 1912 for an aggregate of \$250,000 each year. In 1911, however, they actually paid taxes on a total assessment of \$260,008 and in 1912 upon a total assessment of \$246,525. In explanation of this discrepancy, the officer of the company said:

"The differences are due to the imperfections in the system and the impossibility of determining exactly, at the time the State assessment is made, the total of the county assessments. Oftentimes when the bills actually come in it is found that the assessment varies from the amount returned to the Board by the county authorities. Some of this difficulty is due to the attempted "equalization." Again it is often the case that this "equalization" is not accurately applied to our property."

In section twenty-nine is the first of a number of provisions making the assessment roll effectively the warrant and the sole warrant for the collection of the taxes upon the property assessed

therein. The necessity for this very important change has been discussed in the foregoing parts of the report. If these provisions be adopted, then, hereafter the one assessment roll or book will show not only the amount of property assessed against each person, but also the amount of taxes thereon due, and the amount paid.

The State Tax Commission hopes that eventually all the cities of the State will abandon the practice of making a separate valuation and assessment of property for purposes of city taxation, and will use the county tax rolls as the basis for collecting their taxes. It is feared, however, that this cannot be done, without the express consent of the cities, under existing constitutional provisions. It is, therefore, provided that the cities may obtain copies of the county assessment roll, which would obviate the necessity of having a separate assessment made and of their supporting a separate office of assessor. If the county assessments be brought to full value and be equitably made, it is only a waste of money for the cities to make new ones. It is hoped that eventually a way may be found, either by constitutional amendment or otherwise, to bring about this highly desirable economy. Meanwhile, any city which desires to do so, can make the saving under the provision of section thirty.

Subdivision two provides for the quadrennial revaluation of real estate, and for the fixing of rules and standard values for agricultural lands, and the "basing value" for the city lands in all cases where the State Tax Commission may deem it expedient. This subdivision gives the State Tax Commission and the assessors ample powers to ascertain the true value of all property, which, in our opinion, they never had under the old system.

A very important change in the scope of the franchise tax is made in subdivision three of this article, in the subdivision, that is, relating to State assessments. Heretofore, the only franchises distinctly required to be taxed were those classed as public utilities, and there was no provision for the taxation of any other franchises. This is in distinct contravention of the provisions of the constitution, which requires that *all* properties shall be assessed. Every corporation possesses a more or less valuable franchise. It is our opinion that the franchise tax should be extended to cover all corporations organized for profit (excepting, of course, banks and trust companies whose franchises are reached by other methods of taxa-

tion), whether organized under the laws of this State or, if they do business in this State, under the laws of some other government.

The right to be a corporation, the right to do business as a corporation, the privilege conferred of acting in a corporate capacity, the advantages enjoyed of ease of transfer, "the value as a going concern," and the like, are property, and valuable property, and should be taxed in all instances.

Other important new provisions in this subdivision are:

(1) Improvements to be made in form of reports to be filed by the companies which will give the State Tax Commission adequate information to go on in making assessment of the franchises. Heretofore, the State Board of Valuation and Assessment has been sadly handicapped by the inadequacy of the details required by law to be filed in these reports. Endeavor has been made also to improve the form of the reports to be filed concerning the tangible property of the railroads, value of bank shares, the property of railroad bridge companies and of turnpike companies. The reports required in regard to distilled spirits have not been changed. Adequate penalties have been provided for in case of failure to report, and for making an assessment in the absence of a report. For failure to report, the tax is to be doubled and the company may be subjected to a fine, especially if it renders a false or fraudulent report, and the officers of any company are subject to severe penalties for making a false report.

The provisions relating to the methods of valuing the franchises have been entirely revised in conformity with the experience of this and other states in the past. The old law was full of infelicities of language, which have been the foundation of no little litigation which has resulted from time to time in tying up the State's revenue. The main point is to provide that the tax authorities *may* consider one or all of the many different things which may indicate the value of the property under consideration, and that it shall not be pinned down to one rigid method, regardless of whether that method applies best in the particular case under consideration. Not only is this important in determining the aggregate value of the corporation's property, including its franchise or its intangible property, but this latitude is also necessary in the matter of the apportionment of interstate properties and the determination of the amount taxable within the State. We believe that the provisions

of the bill as proposed will commend themselves to every right-thinking man as providing, on the one hand, adequate power in the assessing board, and giving that body full discretion to protect the State's interest and to do full justice to the tax-payers, while on the other hand, it protects the companies adequately against any unjust taxation.

In this connection it may be said that we have carefully examined the long series of reports handed down by the courts all over the United States relating to these methods of valuation and are satisfied that those provided in the statute comply with every requirement laid down by the courts.

Another change made in this subdivision relates to the assessment of the tangible property of public utilities. We have provided that all property, tangible, and intangible of all public utilities operating in more than one county shall be assessed by the State Tax Commission instead of by the local assessors or the district tax commissioners. It does not require a lengthy argument to establish the fact that the local assessor is not the best officer to assess such classes of property.

In section twelve provision is made for the entering of the State assessments upon the local county rolls, which was discussed above in another connection. Provision is also made for the giving of adequate hearings to all tax-payers who may wish to present their views before the Commission.

Another important change is the fixing of the dates when the assessment must be made and when it must be completed. Elsewhere in the act the date for the payment of these taxes is also definitely fixed. In the past, all of these dates have been indeterminate and failure to fix them definitely has recently resulted in a series of delays, so that the collection of these taxes is in arrears.

Article IV.

The matters covered in old articles four, five and six having been carried into the new article three, new article four deals with review and equalization, which is the next logical step after the assessments have been completed.

Subdivision one provides for the county boards of supervisors in substantially the same manner as heretofore, with such modifications as are necessary to make this provision accord with the new

plans. The main thing changed is that the county boards need not meet except to hear appeals, save in those years when there is a quadrennial revaluation of real estate. This will result in a very considerable saving.

Subdivision two deals with the State Tax Commission acting as a State Board of Equalization, and carries into it all that was valuable of the old article eighteen. The procedure in case of increase or decrease in the valuation of any county is the same as heretofore. But it is anticipated that the State Tax Commission will be able to equalize in advance, as it were, and that these powers will be seldom exercised. If the assessment is made right in the first place, there is little necessity for adding an arbitrary percentage to it afterwards.

Article V.

The new article five deals with the duties of the county clerk in relation to revenue. The county clerk in Kentucky is virtually the county auditor, and it, therefore, becomes his duty to check up the roll and see that it is correct. It is also his duty, under the new act as it always has been, to charge the sheriff who is tax collector with the amount of the taxes. A new provision made here is that the county clerk shall extend the taxes to be collected on the assessment roll book; thus carrying out still further the idea that the assessment roll shall be the sole warrant for the collection of taxes. By an amendment to the old law in 1912, the county clerk was required to prepare tax bills and to turn them over to the sheriff for collection. This, as stated elsewhere in this report, was not a change of any particular importance, as it merely transferred the clerical labor of making the tax bills from the sheriff to the clerk. The change here proposed goes back to the old traditional methods of all Anglo-Saxon people, and is the only known way of making an effective audit.

Article VI.

Article six of the new act provides for the collection of taxes.

Subdivision one re-enacts, with comparatively little change, all those provisions of the law heretofore in force with one exception, and that is again the one already referred to, namely, the use of the assessment roll as the actual warrant for the collection of taxes. The sheriff is required to collect the taxes that are entered on the roll,

and he is not permitted to collect any taxes upon omitted property until that property has been assessed and entered on the roll. We regard the old provisions in regard to the collection of omitted taxes, as lax and dangerous in the extreme, as bitter experience in the past has shown us. The sheriff must enter the payment of the taxes on the rolls, as well as give the tax-payer a receipt. Under the new method of assessment, "omitted property" will become a thing of the past.

Subdivision two, relating to the collection of taxes by attachments, simply re-enacts the present provisions as they stand in article ten of the old act.

Subdivision three relates to the collection of the State tax only upon the property assessed by the State Tax Commission. There is nothing particularly new in this subdivision, unless it be the incorporation in it of a practice common in other states of prohibiting any injunction to prevent the collection of taxes. Any company which has once had an opportunity to report upon its property, to be heard before the proper authorities, after the report has been considered and before the assessment becomes final, has had every consideration which it has a right to demand. If it still thinks that the tax levy is illegal, it may pay the tax and sue to recover it, but it can not, by an injunction, tie up the finances of the State. This is all the consideration that any company is properly entitled to, and the State in granting even this is depriving itself of the protection afforded by the federal constitution.

Article VII.

The new article seven, subdivision one, provides a decidedly new method for enforcing the collection of delinquent taxes. In explanation of these changes, it may be well to outline the purposes which everywhere and always underlie the pains and penalties imposed for the non-payment of taxes.

The sole justifiable purposes are:—first,—to enforce the payment of the tax, and second,—to insure the steady continuance of public revenue. It is no part of the purpose of this provision of a tax statute to deprive any person arbitrarily of his property, nor to allow the cunning men to take advantage of the ignorant. Property often goes delinquent for the non-payment of taxes through ignorance, carelessness or oversight, and to sell that property at once to

the highest bidder is an unnecessary harshness, not consistent with either the purposes of these general provisions. The result of the old law has been that a class of persons has grown up who make it a business to buy up property sold for delinquent taxes, and who watch the coming of tax sales as an opportunity for personal profit. If the assessment has been justly made, there should not be any piece of land which is not ample security for at least five years' taxes and the normal penalties which should be levied for their non-payment. The government is, therefore, adequately protected in its revenue if it takes possession of the land and holds it for five years. Any delinquent, who does not within five years redeem the land, may be assumed to have justly lost his rights, and if thereafter it is sold, he cannot complain. But the profit of the sale, if there be any, should go to the commonwealth and not to some private individual. We have, therefore, provided that the property shall be first technically "sold to the State," by so marking it on the rolls, but no deed shall be issued for a period of five years. The property shall be re-assessed each year, and the taxes for the succeeding years shall accumulate as successive additional claims against the property. If nobody appears to redeem the property before the end of the five years, the sheriff then actually transfers it to the State, by issuing a formal deed. We have provided further, in that event, that the State Tax Commission shall take charge of this property and administer it as best it may in the interest of the State, and shall proceed at once to sell the same. It shall first fix a price at which the first comer may obtain the property. If nobody appears within a reasonable time, then it shall be sold at auction, and the minimum amount shall be the amount of the taxes and penalties due thereon. If at such a sale no bidder appears, then the Commission may order a new auction without a minimum or upset price. The idea is to get the property back into the taxable list as soon as possible.

Furthermore, in the statute as we have written it, there are provisions looking to the searching out of the owner or of some responsible claimant of any property delinquent for taxes, with a view to bring about its early redemption, so that the extreme measures will not have to be resorted to.

We have also made provision that where the taxes run to a large amount, which we have set at three hundred dollars, they may be

recovered at once by action. We believe all of these provisions are most equitable, and we are satisfied that they are more effective, than the old provisions of the law.

In subdivision two we have made provision for the enforced collection of the delinquent taxes upon the state assessment roll. These are merely the usual provisions in such cases.

Article VIII.

Article eight merely brings together in one article the provisions originally scattered throughout the entire statute concerning the bonds of officers and the penalties for the failure to perform their duties.

The proposed bill follows:

AN ACT RELATING TO REVENUE AND TAXATION

ARTICLE I.

PROPERTY SUBJECT TO TAXATION AND GENERAL PROVISIONS.

§ 1. **State tax levy**—An Annual tax of 50 cents upon each one hundred dollars of value of all property directed to be assessed for taxation, as hereinafter provided, shall be paid by the owner, person, or corporation assessed. The aggregate amount of tax realized by all assessments shall be for the following purposes: 21½ cents for the ordinary expenses of the Government, 26 cents for the support of the common schools, 2 cents for the use of the Sinking Fund, ½ of one cent for the Agricultural and Mechanical College, as now provided by law by an act entitled “An act for the benefit of the Agricultural and Mechanical College, now State University, approved April 29, 1880, including the necessary traveling expenses of all pupils of the State entitled to free tuition in such college and who continue students for a period of ten months, unless unavoidably prevented.”

§ 2. **Property subject to taxation**—All property within the jurisdiction of this State, not exempt by law, shall be subject to taxation.

§ 3. **Lien on property for taxes due State, county, town**—The commonwealth, and each county, incorporated city, town, or taxing district, shall have a lien on the property assessed for the taxes due them respectively, which shall not be defeated by gift, devise, sale, alienation, or any means whatever, unless the gift, devise, sale, or alienation shall have been made for more than five years before the institution of proceedings to enforce the lien, and nothing shall be exempt from levy and sale for taxes and cost incident to the sale. When any lands, or improvements, or personal property shall not be assessed in any one year, it may be assessed retrospectively in the manner provided for by law, for that year, at any time not later than five years thereafter. A tax levied and assessed upon personal property shall also create a lien on any real estate owned at the time of

assessment by the person to whom the personal property was assessed.

§ 4. **Definitions**—For purposes of taxation, the following definitions shall rule:

First: Property—The term “property” includes: all real estate and all personal property.

Second: Real Estate—The term “real estate” includes: (1) all land; (2) all improvements upon land; (3) all mines, petroleum and gas wells, minerals, and quarries in or under the land; (4) all standing trees; (5) all rights appertaining to the land, to the improvements, to mines, petroleum and gas wells, minerals, quarries, and to standing trees.

Third: Improvements—The term “improvements” includes: all buildings, structures, walls, fences, ditches, drains, shafts, tunnels, borings, and any other things erected upon or affixed to the land.

Fourth: Personal Property—The term “personal property” includes everything capable of private ownership not included in real estate, whether tangible or intangible, and includes all franchises of every class and description of corporations.

Fifth: Situs of land—Land shall be assessed in the county in which it lies, without reference to conflicting titles.

Sixth: Situs of tangible personal property—The taxable situs of tangible personal property shall, except as otherwise specifically provided by law, be determined as follows:

a. **Goods, wares, and merchandise**—Goods, wares, merchandise, capital employed in business, and stock in trade, except ships or vessels, and stock employed in the business of manufacturing or of the mechanic arts in counties, cities, or towns in this State, other than those in which the owners reside, whether such owners reside within or without the State, shall be taxed in the counties, cities, or other taxing districts in which the owners hire or occupy manufacturing, stores, hotels, or offices, shops, or wharves. Vessels plying on the high seas, or in the waters of the United States, whose owners reside in this State shall have their situs at the place of residence of their owners.

b. **Machinery**—Machinery employed in any branch of manufactures, and all personal property within the State leased for profit shall be assessed where located on the day set by law for the assessment.

c. **Horses, cattle, etc.**—Horses, mules, neat cattle, sheep, and swine, kept throughout the year in counties, cities, or towns other than those in which the owner resides, whether such owner resides within or without the State shall be assessed to the owner in the place where they are kept.

d. **Other tangible personal property**—All other tangible personal property shall be assessed where the owner, or his agent, or representative, in whose custody the property may be, resides within this State.

Seventh: Situs of intangible personal property—The taxable situs of intangible personal property when such property consists of privileges, contracts, or other rights, or other intangible personal property, used, exercised, or enjoyed in connection with or appertaining to any real estate or to any tangible personal property, shall, except as otherwise specifically provided by law, be the same as the situs of the real estate or tangible personal property in connection with which the intangible personal property is used, exercised, or enjoyed, or to which it appertains.

The taxable situs of all other intangible personal property shall be the place of residence of the owner, except when the owner resides without the State in which case it shall be the place of residence of the fiduciary, agent, or other custodian of the property within this State.

Eighth: Property within the jurisdiction of State—Property within the jurisdiction of the State includes all real estate within the State, all tangible personal property within the State, and all intangible property, rights, or privileges, exercised in this State, or created by the laws of this state.

Ninth: Value—The term "value" means the fair cash value of the taxable property, and shall be estimated at the price which the property would bring at a fair voluntary sale.

§ 5. **Respective duties of holders of equitable and legal title—Fiduciaries**—The holder of the legal title, and the holder of the equitable title, and the claimant or bailee in possession of the property on the day when the assessment is made, shall be liable for taxes thereon; but, as between themselves, it shall be the duty of the holder of the equitable title to list the property and pay the taxes thereon, whether the property be in possession or not at the time of the payment.

Provided, however, That an administrator, executor, trustee, committee, curator, or agent residing in the State shall not be liable for taxes on intangible personal property, where the real or beneficial owner of such intangible personal property, held by them or any of them, resides outside of the State; but this exemption shall not apply in the case of an executor or administrator in the exercise of his office as personal representative while the estate of a deceased person is in process of settlement and before the share of the non-resident legatee or beneficiary is set apart to him or before said legatee is entitled to be paid his share.

§ 6. Property exempt from taxation—The following property is exempt from taxation: Public property used for public purposes; property exempt under the laws of the United States; places actually used for religious worship, with the grounds attached thereto, and used and appurtenant to the house of worship, not exceeding one-half acre in the cities or towns, and not exceeding two acres in the country; places of burial not held for private or corporate profit; institutions of purely public charity and institutions of education not used or employed for gain by any person or corporation, and the income of which is devoted solely to the cause of education; public libraries, their endowments, and the income of such property as is used exclusively for their maintenance; all parsonages or residences owned by any religious society, and occupied as a home, and for no other purpose, by the minister of any religion with not exceeding one-half acre of ground in towns and cities, and two acres of ground in the country appurtenant thereto; household goods or other personal property of a person with a family, not exceeding two hundred and fifty dollars in value; crops grown in the year in which the assessment is made and in the hands of the producer.

§ 7. Shares in certain corporations not to be listed—The individual stockholders of any corporations which reports and pays taxes upon all of its property which is in this State, including its corporate and special franchises, whether that property be assessed locally or by the State Tax Commission, shall not be required to list their shares of stock in such corporation. The provisions of this section shall extend to individual share holders in banks and trust companies whose shares are to be listed by and the taxes thereon paid by the banks and trust companies or by the officers thereof, on behalf of the shareholders.

ARTICLE II.

THE STATE TAX COMMISSION.

SUBDIVISION I.

Membership and Organization of the State Tax Commission.

§ 1. **State Tax Commission, membership**—There shall be a State Tax Commission composed of three commissioners, electors of the State, freeholders, not less than thirty years of age, not more than two of whom at any one time shall be of the same political party.

§ 2. **Appointment and term**—The three commissioners shall be appointed by the Governor, by and with the advice and consent of the Senate. The three persons first to compose the Commission shall be appointed on or before the fourth day of March, 1914, or as soon after passage of this act as may be feasible, and, if possible, prior to the final adjournment of the Legislature at this session. Of the three persons first appointed, one shall be appointed and designated to serve for a term ending on the fourth day of March, 1916, one for a term ending on the first day of March, 1917, and one for a term ending on the first day of March, 1918. Each of said terms shall begin upon the qualification of the person appointed therefor. Upon the expiration of the terms of the three commissioners first to be appointed, as aforesaid, each succeeding commissioner shall be appointed and hold his office for the term of four years, and each commissioner shall hold his office until his successor shall have been appointed and has qualified. The commissioners shall be eligible for reappointment. They shall during their term of office reside at the State Capital. No person having been appointed and having served as a member of the Tax Commission shall be eligible for any elective office in this State for a period of two years after he ceased to serve as commissioner.

§ 3. **Removal**—The Governor may at any time remove any commissioner for inefficiency, neglect of duty, malfeasance in office, political activities, or continued ill-health incapacitating him from the performance of his duties, but before removal, the commissioner shall be furnished with a copy of the charges against him and have an opportunity to be heard in defense.

§ 4. **Entire time to service**—Each commissioner and each employee of the State Tax Commission shall devote his entire time to the duties of his office, and shall not hold any other position of trust or profit, or engage in any other occupation or business, or serve on or under any committee of any political party during his incumbency of the office.

Corrupt practices—Any commissioner or employee of the Commission who shall engage in political activity, or who shall in any manner contribute, or cause to be contributed, money or any other thing of value to any person for election purposes, or who shall influence or attempt to influence any person politically, or any legislation through the instrumentality of his office or position, except as otherwise in this act specifically provided, shall be removed from office or position by the Governor if the guilty party be a member of the Commission, or by the Commission if an employee. Any person wilfully violating the provisions of this section shall be deemed guilty of a misdemeanor and shall be fined in any sum not less than fifty dollars, nor more than one thousand dollars for each offense.

§ 5. **Salary**—Each commissioner shall receive a salary of five thousand dollars per annum, payable monthly, as other State salaries are paid.

§ 6. **Officers and employees**—The commissioners shall elect one of their number as chairman, and the State Tax Commission is authorized to employ a secretary, appraisers, experts, clerks, bookkeepers, stenographers and other assistants and to fix their compensation. The salary of the secretary shall not exceed two thousand dollars per annum and the aggregate expense for the central office force of clerks, bookkeepers and stenographers shall not exceed three thousand dollars per annum. The commissioners, secretary, appraisers, experts, clerks, bookkeepers, stenographers, and other assistance that may be employed, shall be entitled to receive from the State their actual and necessary expenses when traveling on business of the Commission. Such expenses shall be submitted in an itemized claim sworn to by the person who incurred the expense, and the claim must be approved by the Commission.

The aggregate expenses for appraisers, and experts, and for traveling expenses shall not exceed five thousand dollars per annum, *pro-*

vided, however, that in any year in which there is to be made a quadrennial appraisal of real estate as hereinafter in this act provided, the commission may, with the consent of the Governor, anticipate the allowance for one or more succeeding years, and may use unexpended balances of previous years, but in no case shall the expenditures for this purpose exceed an average of five thousand dollars per annum for any four-year period.

§ 7. **Quorum**—A majority of the Commission shall constitute a quorum to transact business, and any vacancy shall not impair the right of the remaining commissioners to exercise all the powers of the Commission so long as a majority remains. Any investigation, inquiry, or hearing, which the Commission is authorized to hold or undertake, may be held by or before any one member of the Commission, and any decision or order made pursuant thereto shall, if approved and confirmed by the Commission, as shown on the records of the Commission, be deemed the decision or order of the Commission.

§ 8. **Seal**—The State Tax Commission shall have an official seal with the words "The Tax Commission of Kentucky" and such other design as the commissioners may prescribe engraved thereon, by which it shall authenticate its orders and proceedings.

§ 9. **Office rooms, etc.**—The custodian of public buildings shall assign to the State Tax Commission suitable quarters in the Capitol Building and shall provide the necessary office furniture. The Commission may purchase the necessary supplies, books, periodicals, and maps. All necessary expenses shall be audited and paid as other expenses are audited and paid.

§ 10. **Sessions**—The Commission shall be in continuous session and open for the transaction of business during all business hours of each and every day, excepting Sundays and legal holidays. All sessions shall be open to the public. The Commission shall keep a record of its proceedings, which shall be a public record. The Commission may hold sessions at any place within the State.

SUBDIVISION II.

Powers and Duties of the Commission.

§ 1. **General duties**—The State Tax Commission shall have general supervision of the entire system of taxation throughout the

State, both State and local, including the license taxes and the inheritance tax.

§ 2. **State assessments**—The State Tax Commission shall exercise all the powers and perform all the duties with reference to the assessment or equalization of the assessments of property for purposes of taxation heretofore exercised or performed by any State Board of Valuation and Assessment, by the Railroad Commission, by the State Board of Equalization, or by any other State board or commission, or State officer, except the Insurance Department in the office of the Auditor of Public Accounts. And all such powers and duties are hereby transferred to the State Tax Commission to be exercised and performed exclusively by it. It shall exercise such further powers with reference to State taxes and assessments by State authority as may be conferred upon it by law. It shall be the duty of the Attorney General, when requested by the State Tax Commission, to attend the meetings of the Commission and advise with the same in its proceedings.

Provided, that until the first day of January, 1916, the Auditor, Treasurer and Secretary of State, who, under the provisions of Section 4077 of Carroll Statutes of Kentucky, edition of 1909, constituted the Board of Valuation and Assessment, shall be members of the State Tax Commission provided for in Subdivision 1 of this article, for the purpose of making the assessments of the franchises and other classes of property heretofore assessed by said Board of Valuation and Assessment. For this purpose, and for said period of time, each of said officers shall exercise the same powers and perform the same duties as are provided in this act to be exercised by and performed by the commissioners.

§ 3. **Special duties**—It shall further specifically be the duty of the State Tax Commission, and it shall have power and authority:

(1) **Rules**—To prescribe rules for its own government and for the transaction of its business. To keep a record of all its proceedings.

(2) **Oaths**—Each commissioner and the secretary of the Commission is empowered to administer and certify oaths.

(3) **Forms**—To make out, prepare and enforce the use of all forms in relation to the assessment of property, collection of taxes, and revenues in this State.

(4) **Witnesses**—To summon witnesses to appear and give testimony, and to produce records, books, papers, and documents relating to any matter which the Commission shall have power to investigate or determine.

(5) **Examination of books**—To examine the books, accounts, and papers of the individuals, partnerships, companies, associations, and corporations required by law to report to the Commission, or to send its representative or agent to examine the same, when in the judgment of the Commission such an examination be necessary for the purposes of assessment and taxation.

(6) **Supervision of assessors**—To have and to exercise general supervision over the local administration of the assessment and tax laws of the State, and over the performance of their duties by assessors, or by the successors to their duties, that is to say, by the deputy tax commissioners hereinafter in this act provided for, by boards of supervisors, county clerks, sheriffs, and other county, or district officers, so far as the duties of such officers pertain to the public revenues, State or local, all to the end that all assessments of property be made relatively just and equal at true value, and in compliance with law, and that all taxes, licenses, inheritance taxes, and other public charges levied by law shall be duly and fully assessed and collected according to law.

Assessments for municipal purposes—*Provided*, that whenever any municipality shall elect to have the assessment of property within its jurisdiction, and for purposes of city taxation, made by the State Tax Commission and its deputies, as elsewhere in this act provided for, then the authority of this Commission shall extend over the making of the assessments of the property in such municipality, for municipal purposes.

(7) **Conferences**—To confer with, advise and direct assessing officers, boards of supervisors and other county or taxing district officers as to their duties relative to taxation under the law.

(8) **Prosecutions**—To direct that proceedings, actions and prosecutions be instituted to enforce the laws relating to the penalties, liabilities and punishment of public officers, administering the tax laws of the State and of all persons, officers or agents of corporations, or others required by law to make returns of taxable property for failure or neglect to comply with the provisions of the tax law; and to cause complaints to be made against as-

sessors, boards of supervisors, and other officers, whose duties concern taxation, to any court of competent jurisdiction for their removal from office for official misconduct or neglect of duty.

(9) **Commonwealth attorneys to assist**—To require the Commonwealth attorneys and county attorneys to assist in the commencement and prosecution of actions and proceedings instituted as provided in paragraph (8) immediately above.

(10) **Reports to be collected**—To require reports from county, district, and city officers relative to the assessment of property, collection of taxes, licenses and other revenues, the expenditures of public money and such other information as may be needful to the work of the Commission, in such form and on such blanks as the Commission may prescribe.

(11) **Reassessment**—To order a reassessment of property or of any class of property in any county or taxing district, when in the judgment of the Commission such property has not been assessed at its true value, to the end that all property in such county or taxing district shall be assessed in compliance with the law.

(12) **Visit counties**—To visit the counties in the State, when in their opinion it is necessary for the investigation of the work and the methods adopted by local assessors, boards of supervisors, and other taxing officials, in the assessment, equalization, and taxation of property.

(13) To assemble the district deputy tax commissioners hereinafter in this act provided for in convention for instruction or conference.

(14) To inquire into the provisions of the laws of other States and jurisdictions regarding jurisdictions and situs of property for purposes of taxation; to confer with tax commissioners of other States regarding the most effectual and equitable methods of assessment, and particularly regarding the best methods of reaching all property and avoiding conflicts and duplication of taxation of the same property, and to recommend to the Legislature such measures as will tend to bring about uniformity of methods of assessment and harmony and co-operation between the different States and jurisdictions in matters of taxation.

(15) **Violation of tax law**—To carefully examine into all cases where evasion or violation of the laws for assessment and taxation of property is alleged, complained of, or discovered, and to

ascertain wherein the existing laws are defective or improperly or negligently administered, and to take such steps as may be necessary to correct the same.

(16) **Confer with Governor**—To consult and confer with the Governor upon the subject of taxation and the administration of the laws in relation thereto and the progress of the work of the Commission and to furnish the Governor from time to time with such assistance and information thereon as he may require.

(17) **Report of Commission**—To transmit to the Governor, for transmission to the Legislature, at least thirty days before the meeting of the Legislature, a report showing in statistical form the taxable property in the State, the taxes thereon and such other matters relating to revenues and taxation as shall be deemed of interest and value, with discussion and explanation thereof, together with recommendations for the improvement of the system of taxation in the State, and measures for the consideration of the Legislature.

(18) To extend, but not by more than thirty days, the time when any assessor or board of supervisors shall complete his or its work on the assessment roll.

§ 4. **Information confidential**—It shall be unlawful for any commissioner or ex-commissioner, the secretary of the Commission, or any other employee or agent of the Commission, to divulge any information acquired by him in respect to the transactions, property, or business of any company, firm, corporation, person, association, co-partnership, or public utility, while in the performance of his duties under this act. Any violation of the provision of this section shall be a misdemeanor and shall be punished by a fine not exceeding five hundred dollars, or by imprisonment not exceeding six months, or both at the discretion of the court or the jury, and the guilty person shall be disqualified from office or employment in the Commission. *Provided, however,* That the Governor may at any time, by written order, direct that any information herein referred to shall be made public or laid before any court, and in that event it shall not be unlawful to divulge or make known the same. *And, provided further,* that this prohibition does not extend to any matters required by law to be entered upon any assessment book or roll.

SUBDIVISION III.

Assessment Districts and Local Deputy Tax Commissioners.

§ 1. **Assessment districts**—For the purpose of the assessment of real and personal property for taxation, this State is hereby divided into assessment districts. From and after the passage of this act, until otherwise determined by act of the Legislature, the assessment districts shall be as follows:

Assessment district number one shall be composed of the following counties: Fulton, Hickman, Carlisle, Ballard, Graves, Marshall, and McCracken.

Assessment district number two shall be composed of the following counties: Calloway, Trigg, Christian, Lyon, Livingston, Crittenden, Caldwell, and Hopkins.

Assessment district number three shall be composed of the following counties: Union, Henderson, Webster.

Assessment district number four shall be composed of the following counties: Daviess, Ohio, McLean, Hancock, Grayson, Breckenridge, Meade, and Hardin.

Assessment district number five shall be composed of the following counties: Simpson, Todd, Logan, Muhlenberg, Allen, Warren, Butler, and Edmonson.

Assessment district number six shall be composed of the following counties: Barren, Hart, Larue, Nelson, Bullitt, Green, Taylor, Marion, Washington, Adair, Russell, Cumberland, Monroe, Metcalfe, and Casey.

Assessment district number seven shall be composed of the following counties: Spencer, Shelby, Anderson, Oldham, Trimble, and Henry.

Assessment district number eight shall be composed of the following counties: Mercer, Boyle, Lincoln, Garrard, Clark, Powell, Madison, and Jessamine.

Assessment district number nine shall be composed of the following counties: Franklin, Woodford, Scott, Bourbon, and Fayette.

Assessment district number ten shall be composed of the following counties: Boone, Carroll, Gallatin, Grant, Owen, Kenton, and Campbell.

Assessment district number eleven shall be composed of the

following counties: Pendleton, Harrison, Nicholas, Robertson, Bracken, Mason, and Fleming.

Assessment district number twelve shall be composed of the following counties: Greenup, Lewis, Boyd, Bath, Montgomery, Rowan, Menifee, Carter, Elliott, Lawrence, and Morgan.

Assessment district number thirteen shall be composed of the following counties: Breathitt, Lee, Wolfe, Estill, Johnson, Martin, Pike, Knott, Magoffin, Floyd, Leslie, Letcher, Owsley, and Perry.

Assessment district number fourteen shall be composed of Jefferson county.

Assessment district number fifteen shall be composed of the following counties: Bell, Harlan, Jackson, Laurel, Clay, Rockcastle, Clinton, Pulaski, Wayne, Knox, Whitley, and McCreary.

§ 2. Powers of county assessor transferred to the State Tax Commissioner—The office of county assessor is hereby abolished under the provisions of Section 104 of the Constitution and the present incumbents shall be made deputy State tax commissioners as provided in section three immediately hereafter. There are hereby transferred to the State Tax Commission and its deputies all the powers and duties heretofore exercised by, or performed by the county assessors, in so far as such powers and duties are not changed by law. The district tax commissioners and their deputies shall exercise and perform such other powers and duties as may be imposed upon them by law, or by the orders of the State Tax Commission. *Provided*, however, that so much of this section as may be inconsistent with the provisions for the transitional period as laid down in section three immediately hereafter is suspended for that period.

§ 3. Temporary provisions for the appointment of deputy tax commissioners—From and after the passage of this act until the expiration of the term of office of the county assessors elected in November, 1913, as said term of office was fixed by law prior to the passage of this act, the provisions of this section for the appointment of deputy tax commissioners and of district tax commissioners and their deputies shall prevail. But with the expiration of said term of office the regular provisions for the appointment of district tax commissioners, as set forth in the sections of this article immediately subsequent to this section, shall prevail.

For convenience and brevity of reference, the period referred to in this section shall be known in this article as the transitional period and the provisions of this section shall be called "temporary" provisions to distinguish them from the "regular" provisions of other sections of this article.

(1) **County assessors to be appointed deputy tax commissioners**—The Governor shall, immediately upon the passage of this act, appoint all of those persons who were duly elected as county assessors in November, 1913, to be deputy State tax commissioners in and for the counties in which they were elected. The term of office of such deputies shall be equal to the term of office for which they were elected county assessors. Said deputy tax commissioners shall derive their powers solely from the State Tax Commission, of which Commission they shall be deputies.

Penalty for failure to qualify—Any person appointed a deputy tax commissioner who shall wilfully fail to accept the office and discharge the duties thereof, shall be fined five hundred dollars. Each deputy tax commissioner herein provided for may, with the approval of the State Tax Commission, appoint as many sober, discreet, capable persons, not under the age of twenty-four years, as deputies, to assist him in the discharge of his duties, as the State Tax Commission may deem necessary, and may remove them at its pleasure. They may also be removed by the State Tax Commission. The deputy tax commissioner and his deputies shall read and administer the oath required to be taken by persons whose property is required to be listed for taxation.

The deputy tax commissioner and his deputies, before they enter upon the duties of the office, shall, in addition to the oath prescribed by the Constitution, take the following oath:

Oath—"I do swear that I will administer to every person listing property of any description the oath prescribed by law, and fix the value of all property to be listed by me at its fair cash value, estimated at the price it would bring at a fair voluntary sale, without favor or partiality; and I will diligently search and inquire so that no person shall be passed over, or shall fail to have an opportunity to give a list of his taxable property, and that I will truly report all persons who shall fail or refuse to list their taxable property, after being duly called on by me for that pur-

pose, or who have given in a false or fraudulent list, so help me God."

Bond—The deputy tax commissioner shall at the same time execute a bond to the Commonwealth, with good surety, to be approved by the county court for the faithful discharge of the duties of his office, which bond shall be filed in the office of, and kept by, the clerk of the county court, and on which the deputy tax commissioner and his sureties shall be liable for any violation of the duties of his office, by himself or any of his deputies. Action may be instituted on it by the Commonwealth or any person aggrieved, and recovery had thereon, from time to time, to the extent of the injury sustained.

Work to begin when—The deputy tax commissioner shall commence the duties of his office on the first day of September in each year, and he shall assess the property in his county by justice's districts, in separate books, and he shall also make a separate book or books for each incorporated city, town, or taxing district (except school districts) of his county, by wards or other subdivisions, as convenience may require.

Vacancies, how filled—In case any person who was elected county assessor shall fail to qualify, or after qualifying as deputy tax commissioner shall die, resign, or be removed from office during his term of office, the powers and duties of his office, shall be transferred by the State Tax Commission to the district tax commissioner hereinafter in this section provided for, and so far as that county is concerned, its assessment shall be made, as nearly as may be, in the manner provided for the regular system. The temporary deputy tax commissioners herein provided for shall, subject to the direction, instruction and supervision of the State Tax Commission, make the assessment of all property within their counties, except as otherwise provided for, prepare the assessment books, and perform such other duties as may be imposed upon them by law. Willful disobedience by a deputy tax commissioner of any just and legal orders of the State Tax Commission shall constitute a cause for removal from office. The State Tax Commission shall remove any recalcitrant or disobedient deputy tax commissioner from office upon written charges preferred. But the accused party shall have the right of appeal to a board constituted

in the same manner as provided for under the regular system in section seven of this subdivision.

(2) **Temporary district tax commissioners**—The State Tax Commission shall, as soon as possible after the passage of this act, appoint one of the persons elected county assessors and who has been appointed and has qualified as a deputy tax commissioner as provided for in sub-paragraph (1) immediately above, to serve as a district tax commissioner for a term equal to that for which he was elected county assessor. He shall, in addition to making the assessment of his county, under and in accordance with the directions and orders of the State Tax Commission, supervise and direct the assessments made by the deputy tax commissioners for the counties in all the counties in his district. He shall exercise, so far as is consistent with the temporary provisions made in this section, all the powers, and perform all the duties imposed upon the regular district tax commissioners, hereinafter in this article provided for, except the making of the assessment in counties other than his own, and the preparation of the assessment rolls for such counties, and shall be the regular means of communication between the State Tax Commission and the deputy tax commissioners of the counties within his district.

(3) **Compensation of deputy tax commissioners**—The deputy tax commissioner shall, after he has returned his tax book and the same has been corrected by the board of supervisors, present to the county court his account, verified by affidavit, stating the total assessed value of the property listed by him as shown by his tax book thus corrected; and if said court, upon investigation, finds said account to be correct, it shall certify to the auditor the amount due to the deputy tax commissioner for the services required of him by law, which shall be based on the total value of the assessment made by him as above required, as follows: Four cents on the one hundred dollars of the first million, and one and one-quarter cents on each one hundred dollars of the excess over one million, but no deputy tax commissioner shall be entitled to receive more than three thousand dollars for his services during any year, except in counties containing a city of the first class, in which the salary shall not exceed four thousand dollars. In counties in which the assessed value of property exceeds thirty-eight million dollars, the deputy tax commissioner shall be allowed, as compensation to

deputies appointed and qualified, the sum of one thousand five hundred dollars for each seven and one-half million dollars of property which may be assessed in excess of thirty-eight million dollars. In counties where the assessment does not exceed one million dollars, the deputy tax commissioner shall be paid four and one-half cents on the one hundred dollars of the entire property listed.

Deputy tax commissioner's claim to be verified—Penalty—Before the county court shall grant such certificate of allowance, the deputy tax commissioner and his deputies, if any, shall, in open court, make and file the following affidavit, subscribed and sworn to by them before the clerk of the county court, viz: "I do swear that I have not received from any person a list of taxable property and returned the same until the person rendering the list has made oath to the truth of the same; and I do further swear that I have, in no instance, assessed any property at a greater or less sum than is deemed a fair cash value, estimated at the price it would bring at a fair voluntary sale."

Any deputy tax commissioner or deputy who shall make affidavit, knowing the same to be false in any particular, shall be deemed guilty of false swearing, and, on conviction, be punished accordingly.

Deduction for failure to do duty—Payment of deputy tax commissioner—A reduction of fifty cents shall be made from the deputy tax commissioner's compensation for each list he shall fail to report for taxation, or report without authority of law, and one dollar each for each duplicate assessment. The Auditor of Public Accounts shall draw his warrant on the State Treasurer for eighty per cent. of such allowance, and shall draw his warrant on the Treasurer for the remainder due the deputy tax commissioner, as herein provided, after the October session of the fiscal court, on or before which time the sheriff shall report, on oath, to said court a list of all persons, with their taxable property, so far as is known to him, who were omitted by the deputy tax commissioner; also the names of any persons duplicated by the deputy tax commissioner. The report of the sheriff shall be certified to by the county clerk to the Auditor, that the deductions may be made from the deputy tax commissioner's claim as herein provided. *Provided*, that nothing in this act shall be construed to deprive the deputy

tax commissioners during the transitional period of any fees, compensation or other payments whatever, granted to the county assessors under the law in force January 1, 1914, and said deputy tax commissioners shall perform all the duties of whatsoever nature imposed by law on the former county assessors.

Compensation of district tax commissioners—The State Tax Commission shall, with the approval of the Governor, fix such additional sums or allowances, for each district tax commissioner, over and above the compensation allowed to him as a deputy tax commissioner in compensation for his services and for the support of his office as may be deemed necessary. But the aggregate personal compensation of a district tax commissioner shall not be less than one thousand five hundred dollars, nor more than three thousand dollars, except in districts containing a city of the first class, where it shall not exceed four thousand dollars. During the transitional period the district tax commissioners and the deputy tax commissioners shall, within the districts and within the counties respectively to which they are hereby assigned, have the powers, perform the duties and be subject to the obligations imposed upon the district deputy tax commissioners and their deputies in the subsequent sections of this act.

§ 4. **District tax commissioners**—After the expiration of the temporary or transitional period, as provided for in section three immediately above, the following shall be the regular mode of appointment of deputy tax commissioners, and for their general supervision.

There shall be appointed for each assessment district a deputy State tax commissioner, who shall be known as the district tax commissioner, who shall, under the direction and supervision of the State Tax Commission, assess the real and personal property within his district and for the counties within his district, except as otherwise provided by law. The district tax commissioners shall be appointed by the Governor from a list of persons recommended by the State Tax Commission in the manner hereinafter provided. If the Governor and the State Tax Commission fail to agree upon a suitable person from that list to be district tax commissioner in any district, a board composed of the Governor, the State Tax Commission and the Auditor of Public Accounts shall appoint the district tax commissioner from that list, and in that

board the State Tax Commission shall have but one vote, and may, by order of the Commission, be represented by any one member.

§ 5. **Examination of candidates for the office of district tax commissioner**—Within six months before January 1, 1918, and as soon thereafter as may be necessary, the State Tax Commission shall arrange for examinations to be held to determine the qualifications of persons who may be candidates for the office of district tax commissioner, and such examinations shall be open to any qualified elector of the State. The examination shall take into consideration the candidate's experience as an assessor, his knowledge of the revenue laws, his knowledge of the geography of the State, and especially of any assessment district he may designate, his knowledge of the industries and property in the State or in the district, his general education and business experience, and his physical fitness. Each candidate shall present credentials from at least three reputable citizens as to his integrity and good moral character. The State Tax Commission shall determine in advance of the examinations the credits to be allowed for experience, knowledge of the revenue laws, and for each other qualification, and shall publish the same, and shall give notice of the times and places where examinations will be held. On the basis of these examinations, candidates shall be graded and ranked by the Commission and the districts in which they are best qualified to serve shall be determined. The names of persons passing this examination shall be entered in a list to be known as the list of eligibles for appointment as district tax commissioners. *Provided*, however, that the provisions of this section shall not be held to apply to the appointments made for the transitional period of the operation of this act.

§ 6. **Temporary appointments**—The district tax commissioners first appointed under the provisions of section three of this subdivision shall hold office, unless removed for cause, for four years. But they shall all be eligible for reappointment after passing the examination provided for in section five immediately above. All district tax commissioners thereafter appointed shall be appointed solely from those standing highest in the list of eligibles for appointment as district tax commissioners in each district, unless there be no names in the list of eligibles in some district, in which

case the State Tax Commission may recommend any person deemed qualified for the office. Such district tax commissioners shall be eligible for reappointment without re-examination.

§ 7. Term of office of district tax commissioners—District tax commissioners appointed under the regular permanent system shall hold office for four years, but they may be removed by the State Tax Commission for inefficiency, neglect of duty, malfeasance in office, any political activities, or continued ill health incapacitating them from the performance of their duties. All charges must be preferred in writing. If any question be raised by the person removed from office as to the sufficiency of the cause alleged for removal, the question shall be referred to and be decided by a board composed of the Governor, the Attorney General and the Auditor of Public Accounts; and the decision of that board shall be final.

§ 8. Skill to be considered in appointments—It being the intent of the law to create in the office of district tax commissioner a professional spirit, skill, experience and tested ability shall be the sole considerations in the appointment and removal of such officers, and no consideration shall be given to political affiliations.

§ 9. Deputy district tax commissioners—District tax commissioners may, with the consent and approval of the State Tax Commission, appoint deputy district tax commissioners to aid them in their work. Deputy district tax commissioners may be employed for part of the year only, or for the whole year, at the discretion of the State Tax Commission. The State Tax Commission shall fix the rate of compensation of deputy district tax commissioners, provided that the sum of the salary of the district tax commissioner together with the compensation of his deputies shall in no case exceed eighty per cent. of the allowance for the support of the office of district tax commissioner made in section ten of this subdivision immediately following.

§ 10. Funds of the support of district tax commissioner's office—Allowance shall be made for the support of the office of district tax commissioner in each district and for the payment for his services and those of his deputies, if there be any, as follows: Four cents on each one hundred dollars of the first million dollars' worth of assessed valuation of property within each county in his district, as finally reviewed and equalized, and one and one-

quarter cents on each one hundred dollars of the excess over one million dollars of such assessed valuation. The State Tax Commission shall from time to time recommend to the Legislature changes to be made by a general law in the above rates for computing the allowances for the support of the offices of district tax commissioners, but no classification of counties, districts, or of rates or compensation shall be made which shall contravene the spirit of paragraphs "fifteenth" and "eighteenth" of Section 59 of the Constitution of this State. There is hereby appropriated each year out of any money in the State Treasury not otherwise appropriated, a sum sufficient to pay the allowances computed as above set forth. The State Tax Commission shall fix the amount that shall be used out of each district allowance for the payment of the salary of the district tax commissioner and for the compensation of his deputies, if any be deemed necessary, and shall direct how the remainder shall be expended for the maps and other supplies for the district tax commissioner's office. No district tax commissioner shall receive less than fifteen hundred dollars in salary, nor more than three thousand dollars except in a district containing a city of the first class wherein the salary shall not exceed four thousand dollars. The State Tax Commission shall, with the approval of the Governor, fix the salary within the limits of fifteen hundred dollars and three thousand dollars of each district tax commissioner.

Advance to be allowed—The State Tax Commission shall determine what advances upon compensation of district tax commissioners and of their deputies and for the expenses of their office shall be made prior to the completion of the assessment, and when and in what installments such advances shall be paid. Such advances shall not, in the aggregate, exceed in any district, or in one assessment period, eighty per cent. of the amount which compensation would have been if computed upon the basis of the last completed assessment. The Auditor of Public Accounts shall draw his warrant on the State Treasurer, payable to the district tax commissioners, for the advances ordered by the Commission. After the close of the assessment the State Tax Commission shall compute the total amount due each district tax commissioner and shall certify to the Auditor of Public Accounts the balances due. The Auditor of Public Accounts shall then draw

his warrant upon the State Treasurer for the balance due, which shall be paid to the district tax commissioners. Any balances remaining unused in the allowances for the support of the district tax commissioner's offices at the close of any one year in which no quadrennial assessment is made shall be placed in a fund in the State Treasury to be known as the quadrennial assessment fund. This fund shall, in the year in which the quadrennial assessment is made, be available to meet any extraordinary expenses of the State Tax Commission in supervising the quadrennial assessment and may be expended by its order in any part of the State. All money which may accumulate in said fund is hereby appropriated to the above purpose. Any balance remaining in the fund at the close of the quadrennial assessment shall revert to the general fund of the Commonwealth.

§ 11. **Oath of office and failure to take office**—Each district tax commissioner and each of his deputies, before he enters upon the duties of his office, shall take the oath prescribed by Section 228 of the Constitution of this Commonwealth.

§ 12. **Bond of district tax commissioners**—Each district tax commissioner shall, before entering upon his duties, execute a bond to the Commonwealth, in such amount as the State Tax Commission shall determine, with good surety, to be approved by the Attorney General of the State, for the faithful discharge of the duties of his office, which bond shall be filed and safely kept in the office of the State Tax Commission, and on which the district tax commissioner and his sureties shall be liable for any violation of the duties of his office, by himself or any of his deputies. Action may be instituted on it by the Commonwealth or any person aggrieved, and recovery had thereon to the extent of the injury sustained.

§ 13. **Entire time to be devoted to office**—Each district tax commissioner, whether appointed as provided in section three or in section four of this subdivision, shall devote his entire time to the performance of his duties and shall not hold any position of trust or profit, or engage in any occupation or business interfering with or inconsistent with his duty as assessor. During the period from January first until September first in each year the district tax commissioner shall devote his time to the correction and revision of the tax maps, and to the collecting, filing and analysis

of data concerning the property in his district and its values, and he shall make diligent examination of properties and values and perform such other duties as the State Tax Commission shall prescribe.

§ 14. Office rooms—The fiscal court of each county, or whatever body shall take over the powers of the fiscal court in any county, shall provide for the district tax commissioner a suitable office room or rooms, when possible in the county courthouse, or when that is not possible, in some other building, together with suitable furniture, in which office shall be safely kept the books, maps, taxpayers' lists, papers and all other records pertaining to the assessment of property within that county, except when any such books or records are required by law to be placed in the custody of other officers. In assessment districts too small in the opinion of the State Tax Commission to warrant the appointment of a sufficient number of deputies to allow one for each county, the county clerk shall have custody of the district tax commissioner's office, books, records and papers during the necessary absence of the district tax commissioner in other parts of his district. The office of the district tax commissioner in each county shall be open to the public for the examination of all public records therein during all business hours. The provisions of Section 1197 of Carroll's Kentucky Statutes, ninth edition, 1909, are hereby extended to cover these public records.

ARTICLE III.

ASSESSMENT OF PROPERTY.

SUBDIVISION I.

General Provisions.

§ 1. Property to be assessed in counties—All taxable property, except such as is by law required to be assessed by the State Tax Commission, shall be assessed by the district tax commissioners or their deputies in the county in which it has its situs. *Provided*, that during the transitional period established by section three of subdivision three of article two of this act, the assessment shall be made by the deputy tax commissioners therein provided for.

§ 2. **Assessments to be at full cash value**—All taxable property must be assessed at its full cash value.

§ 3. **Land and improvements to be separately assessed**—Land and the improvements thereon shall be separately listed and assessed. Cultivated and uncultivated lands, of the same quality and similarly situated, shall be assessed at the same value.

§ 4. **Date of assessment**—All taxable property shall be assessed and valued as of the first day of September in each year, except that a complete revaluation and equalization of land and improvements shall be made but once in four years. The first quadrennial revaluation of land and improvements shall be made as of the first day of September in the year 1916, and thereafter once every four years. The provisions of this act relative to the quadrennial assessment of land and improvements shall be suspended for the assessment to be made as of the first day of September, 1914 and 1915.

§ 5. **Annual assessment roll**—A new assessment roll shall be made in each county each year. In the years when a complete revaluation of land and improvements is not to be made, the district tax commissioner shall revise the previous assessment roll as to lands and improvements by adding the assessment of new improvements, removing the assessment of improvements destroyed, by entering the names of new owners and entering all new subdivisions of lands. But he shall value lands and old improvements at the same rates as may be fixed at the time of the quadrennial valuation. All taxable personal property shall be assessed and valued by him each year and entered in the assessment roll.

§ 6. **Fiscal court to provide tax maps**—The fiscal court of each county, or whatever body may take over the powers thereof in any county, shall, on or before July 1, 1916, provide the district tax commissioner with a complete and accurate map of the county, showing, in such form, on such scale and in such detail, as the State Tax Commission shall prescribe, all land within the county and the division thereof into tracts, farms, city and town lots, or otherwise, also all streams, roads, ponds over four acres, lakes, street railroads and such other physical features, property boundary lines and other matters, as the Commission shall prescribe. This map shall be known as the county tax map. The expense of

making this map in the first instance shall be borne equally by the county and the State.

Up-keep of tax maps—It shall be the duty of the district tax commissioner to revise this map from time to time, to make new copies when necessary, and to keep the same up to date, clean, legible, and in good condition, and the expenses connected with the revision and up-keep of the county tax maps shall be paid out of the allowance for the maintenance of his office, when such expenses have been approved by the State Tax Commission. It shall be one of the first duties of the State Tax Commission, after its organization, to prepare the specifications for these county tax maps, and to transmit them to the fiscal courts. If the fiscal court of any county fail or neglect to provide a county tax map, the State Tax Commission shall cause one to be made, and one-half of the cost of making the map shall be collected from the county in the same manner that other valid claims against the county may be collected.

§ 7. Use of tax map—Liability of district tax commissioner—After the completion of the tax maps, the district tax commissioner shall use the county tax map in his district to check the accuracy and completeness of his assessment roll. He shall enter upon his assessment roll every piece of taxable land shown upon the map. He shall be liable under his bond for the taxes, State and county, which should have been collected upon any and every piece of land shown upon the map and not entered in the assessment roll.

§ 8. Description of lands—Lands shall be described in the assessment roll by general boundaries, or in counties which have been divided into sections by the United States land survey, by section number and the customarily recognized fractional subdivisions thereof. But lands may be described by reference to numbers or letters on plats or maps on file in office of the county court clerk, or on the county tax maps. The State Tax Commission shall fix and authorize abbreviations which shall be used in the description of lands, but which shall be sufficient to clearly identify the lands described.

§ 9. Real estate assessed to owner if known—Real estate shall be assessed to the last ascertainable owner of record of the first freehold estate therein, and may be assessed to "unknown owners," if none be ascertainable. No error in the name of the owner shall

invalidate the assessment, nor shall any error in the description of the property invalidate the assessment, provided the description be sufficient to identify the property intended to be assessed.

§ 10. **County clerk to certify conveyances, etc.**—Each county court clerk shall, on or before the first day of September of each year, make and certify to the district tax commissioner of the district in which the county lies, in such form and in such detail as the State Tax Commission shall prescribe, a complete statement of all conveyances of lands, mortgages or other liens upon lands and other obligations for money due or to be paid, and all building contracts. The statements shall show distinctly the dates of execution of the conveyances, or contracts, the dates of execution and of maturity of notes and other evidences of indebtedness; the consideration therefor; the date of filing or recording; the amount thereof; and the name and county of residence of the owner, payee, beneficial holder thereof or other person or corporation liable for taxes thereon; and such other matters or things as shall be ordered by the State Tax Commission. Said statements shall be made to each district tax commissioner of the State of such notes or other evidences of indebtedness as may be owned or held by persons or corporations residing, or having their principal place of business, in the county of such deputy tax commissioner. No mortgage, conveyance or other instrument of writing constituting a lien or other security for any note or other evidence of indebtedness shall be received for record by any county clerk of this Commonwealth. Unless such mortgage, conveyance, or other writing, give the county and State of the residence and postoffice address of the person or corporation owning or holding said note or other evidence of indebtedness. Should there be an assignment of such note or other evidence of indebtedness, of record in the clerk's office, the assignment shall state the county and State of the residence and postoffice address of the assignee; unless any assignment is made of record, the original holder or owner shall be liable for taxes as though no assignment had been made. Any person who shall knowingly and intentionally give false or fictitious address or name in any such instrument or assignment, as above mentioned, or other than the true consideration in any conveyance, shall be guilty of a misdemeanor and shall, upon conviction, be fined not less than ten dollars nor more than one thousand dollars. Each

statement made by the county clerk, as herein required, shall cover a period of one year next prior to the date such statement is required to be made. Said statement shall be sworn to by the clerk before some person authorized to administer oaths, as a full and complete statement of said facts. For his services in making such statements, the clerk shall be paid a reasonable compensation by the fiscal court of his respective county; said statement shall be returned by the various deputy tax commissioners, with their tax books, schedules and list of conveyances, to the county clerks of their respective counties for the use of the boards of supervisors. Any county clerk failing to perform his duties under this section shall be punished by a fine of not less than fifty dollars nor more than one hundred dollars, to be recovered by warrant or indictment. Nothing herein shall be construed to effect the validity of any instrument or assignment heretofore made.

§ 11. **Taxpayer's statement**—To aid him in making the assessment, the district tax commissioner shall each year exact from each person a list or statement, under oath, setting forth specifically all the real estate and personal property owned by such person, or in his possession, or under his control, on the first day of September, and the situs of such taxable property. This list or statement shall be in writing, or in printing and writing, in such form and detail as the State Tax Commission shall from time to time prescribe, and shall show all property belonging to, claimed by, or in the possession or under the control or management of the person making the list or statement, whether such person be an individual, a firm, association, company, or corporation.

Lands and improvements to be separately valued—In prescribing the form for the list or statement to be exacted from each person, the State Tax Commission shall provide for the separate listing of lands, whether in tracts or city and town lots, and of improvements, in the classes specified in section four of article one of this act, and in such other classes as the State Tax Commission shall deem necessary. The list or statement shall contain an exact description of all lands in parcels or subdivisions as required in section eight of subdivision one of article three of this act. The list shall also contain all personal property of each person in such classes as the State Tax Commission shall prescribe, and shall show specifically all taxable bonds; stocks; notes; accounts;

credits; cash; the number of thoroughbred and common horses, of each sex and age; mules; asses; neat cattle; sheep; swine; agricultural implements and machinery; other tools and machinery; wagons; carriages; automobiles; other vehicles; safes; household furniture; musical instruments; manufactured articles; raw materials for manufacturers; paintings; books; jewelry; diamonds and other precious stones; watches; silverware; steam engines; steamboat and other water craft; patent rights; wines, whiskies, brandies and other liquors; stocks of goods, wares and merchandise, and such other matters and things as the State Tax Commission shall prescribe.

§ 12. **Penalty for refusal to file statement**—If any person, after demand made by the assessor, neglects or refuses to give, under oath, the statement provided for in section eleven of subdivision one, article three, of this act, immediately before this section, or to comply with the requirements of the law, the deputy tax commissioner must note the refusal on the assessment book, opposite the name of such person, and must make an estimate of the value of the taxable property of such person. At the close of the assessment the deputy tax commissioner shall transmit to the board of supervisors in each county and to the State Tax Commission a verified report in writing, separate from the assessment roll, containing a complete list of all persons who refuse or neglect to furnish a statement of their property as in this act provided, or to comply with the requirements of this act, together with the amount of the assessment upon the property of such persons, with a statement of the facts, if any, upon which the assessment was made, and the valuation of the property so assessed ascertained. Such assessments shall be called for convenience "arbitrary assessments," but they shall be made as fairly, and equitably as possible in the best judgment of the deputy tax commissioner. No board of supervisors, nor the State Tax Commission, may reduce any arbitrary assessment, but may raise the same, if found to be too low, to such amount as may be deemed just. Any excessive tax resulting from an arbitrary assessment is hereby declared to be imposed as a penalty for an unlawful act, and if not paid or collected as are other taxes, may, together with the proper tax, be collected as are other fines and penalties. Should any person neglecting or refusing in any one year to give the statement herein

required, neglect or refuse to do so the next succeeding year, the arbitrary assessment for the second year shall be double that of the preceding year, and the doubling shall continue each year thereafter until a satisfactory statement shall be rendered. *Provided*, however, that no arbitrary assessment shall be made upon lands, nor at the time of the quadrennial assessment of lands and improvements shall any arbitrary assessment be made upon improvements, it being the duty of the district tax commissioner, the boards of supervisors and the State Tax Commission, with or without the taxpayer's statement, to find and value all lands and the improvements thereon at the time of the quadrennial assessment. And *provided*, further, that if the owner of any property found by the deputy tax commissioner be absent or unknown, the deputy tax commissioner must make an estimate of the value of such property, which shall not be deemed an arbitrary assessment, and which may, on proper showing, be lowered by a board of equalization.

§ 13. **Penalty for fraud**—Any property wilfully concealed, removed, transferred or misrepresented by the owner, or agent thereof, to evade taxation, must upon discovery be assessed at not exceeding three times its value, and the assessment so made must not be reduced by any board of equalization.

§ 14. **Double taxation of property not assessed the year before**—Any property discovered by the district tax commissioner to have escaped taxation the preceding year, if such property is in the ownership or under the control of the same person who owned or controlled it the preceding year, may be assessed at double its value.

§ 15. **Roll books to be provided**—Before the first day of September of each year, the State Tax Commission shall deliver to each county clerk of this State for the use of the district tax commissioners, a sufficient number of assessment roll books, and the necessary blank schedules or taxpayers' lists, for the assessment of all property, real and personal, with the affidavit attached thereto to be signed and sworn to by the person returning the list.

§ 16. **Itemized list**—The form of the list or statement shall provide a place for the entry of the value of each item of property listed. The person listing his property may enter his estimate of the value thereof. But the estimate of value entered by the person

listing the property shall not be binding on the deputy tax commissioner, nor on any board of equalization, nor on the State Tax Commission, except in cases where value affords the sole appropriate description of the property, and even in such cases the right of the taxing officials to question the accuracy of the statement as to the amount thereof is reserved.

§ 17. **Taxpayer's oath**—The form of the taxpayer's oath shall be substantially as follows:

"I, -----, a resident of ----- county, do swear that the above list contains a full and correct statement of all property subject to taxation, owned by me, in my possession or under my control on the first day of September last; and that I have not, in any manner whatsoever, concealed, transferred or disposed of any property, or placed any property out of the county, or of my possession for the purpose of avoiding any assessment upon the same or of making this statement."

§ 18. **Deputy tax commissioner may examine under oath**—The district tax commissioner and his deputies shall be authorized to examine persons under oath as to their property, and as to the value thereof, to examine books and papers to ascertain the amount and value of property. The information obtained from the taxpayer's lists or statements, or as provided in this section, except in so far as it may afterwards appear on the assessment roll or book, shall be deemed confidential and all the provisions of section four in subdivision two of article two of this act shall apply to district tax commissioners and their deputies as they do to the commissioners and to their employees, except that it shall be lawful to submit this information to any board of supervisors and to the State Tax Commission.

§ 19. **District tax commissioner to fix value**—The district tax commissioner shall, from his own knowledge, from the statement of the person listing the property and such other information as he may be able to obtain, fix the value upon all taxable property. But the State Tax Commission may direct the use, solely for purposes of uniformity, in ascertaining the fair cash values, of standard or basing values per unit of land measurements for the valuation of real estate as hereinafter in this act provided. The State Tax Commission may further classify personal property and, for the same purposes, may direct the use of standard values for each unit

of count or measurement of each class. It may especially, and each year, classify and grade all horse kind, mules, asses, neat cattle, sheep, swine and poultry and fix a value per unit for each class or grade, and in like manner classify, grade and value grain, tobacco, hemp, and any other kinds of personal property capable of such classification and fairly uniform in value throughout the State and widely distributed. The district tax commissioners shall follow these standard values, except when the use thereof for any reason shall result in inequality.

§ 20. **Preparation of the assessment books**—The district tax commissioners must prepare each year an assessment book or books for each county in the form and manner to be provided by the State Tax Commission. He shall prepare the book or books for each county according to justice's districts, incorporated cities, towns and taxing districts therein. Where two or more books are used, each book shall be numbered in sequence and described in such manner on title page and cover as to clearly indicate the taxing district or districts or portions of the county contained therein, and each book shall contain, near the front page and before the assessment entries, a complete list of all the books constituting the assessment roll of the county and showing its place in the series of books. Assessments may be entered alphabetically or in any convenient geographical sequence, but in the latter case there shall be prepared either at the end of the last book after all the assessment entries, or in a separate book, a complete alphabetical list or index of all the persons assessed, with proper reference to the page or pages of the book or books in which the assessments are entered. Clerical or other errors or omissions in the index shall in no wise affect the validity of any assessment. At the close of each book, except the last in sequence, there shall be a statement showing the number and description of the next book in order, and in the last book, a statement that the roll ends here. All blank spaces and pages in any book upon which no assessment entries are made shall be ruled or marked off, so as to clearly show the fact that the entries are completed or that they are continued on subsequent pages and upon which pages.

The assessment roll shall show under appropriate headings and columns, as prescribed by the State Tax Commission, the follow-

ing items and such others as may be from time to time prescribed by the State Tax Commission:

(1) The name and postoffice address, if known, of the person to whom the property is assessed.

(2) Lands described as in this act provided.

(3) Improvements on land.

(4) All personal property in such detail as the State Tax Commission shall prescribe, but failure to enumerate personal property in detail shall not invalidate any assessment, provided that the total amount in value assessed against each person is shown.

(5) The cash value of each item assessed.

(6) Franchises, railroad property and all other property assessed by the State Tax Commission and assigned or apportioned to the county and other local districts and the value thereof assessed.

(7) The taxing district in which the property is assessed.

(8) The total value of all property assessed against each person.

(9) The sum totals of all lines and columns.

(10) The assessment books shall also contain appropriate columns for the entry of the rates of taxes levied upon the property and for the extension of the taxes levied upon the property of each person, but these columns shall not be filled in by the district tax commissioner, but by the county clerk, as hereinafter in this act provided.

Entries shall be made with ink, and may be made in writing, or by writing and printing, by rubber stamp or other device. Values shall be in figures. All entries shall be fair, neat and legible. No erasures, either by rubbing, knife, or chemical, or other means, shall be permitted on the assessment roll or book, but errors may be corrected in such manner as to show clearly the original erroneous entries and the correct entries, and such corrections shall be explained in the margin and signed by the person making them, and the corrections so made, if made by an authorized official, shall be valid as if they were original entries.

§ 21. **Illegal entries in assessment books**—No person, save the district tax commissioner, his deputies, and other officials expressly required by law so to do, shall make any entry, correction or alteration in the assessment books or rolls. Any person illegally making

such entry, correction or alteration or mutilating the assessment books or rolls shall be guilty of a felony, and punished by imprisonment in the State penitentiary from one to five years.

§ 22. **District tax commissioner's oath**—On or before the first day of January in each year, the district tax commissioner shall complete the assessment rolls for each and every county in his district, and he and his deputies must take and subscribe an affidavit in the assessment book to be substantially as follows:

"I, -----, district tax commissioner for the ----- district and for the county of -----, do swear that, between the first day of September and the first day of January, in the year of our Lord nineteen hundred and -----, I have made diligent inquiry and examination to ascertain all the property within the county of ----- (or within the subdivision thereof assessed by me, as the case may be), subject to assessment by me, and that the same has been assessed on the assessment book or books, equally and uniformly, according to the best of my judgment, information and belief, at its true value, and that I have faithfully complied with all the duties imposed on the deputy tax commissioner under the revenue laws; and that I have not imposed any unjust or double assessment through malice or ill-will or otherwise; nor allowed anyone to escape a just and equal assessment through favor or reward, or otherwise; so help me, God." But failure to take or subscribe to such an affidavit, or any affidavit, shall not in any manner affect the validity of any assessment.

§ 23. **Books to be delivered to county clerk**—As soon as completed, the assessment book or books, together with the maps, records, statements, and copies of any orders of the State Tax Commission, used or followed in making the assessment, must be delivered into the custody of the county clerk for the use of the board of supervisors. Until the day set for the hearings before the boards of supervisors, as hereinafter in this act provided, the books shall be open to the inspection of all persons interested. *Provided*, that the State Tax Commission may for good cause shown extend, but not by more than thirty days, the time for completing the roll of any county.

§ 24. **District tax commissioner's report to Commission**—On completion of the assessment rolls in his district the district tax

commissioner shall at once forward to the State Tax Commission a report, in such detail and form as the Commission shall prescribe, of his assessments. Under the transitional provisions of section sixteen of article two of this act this duty shall devolve on the deputy tax commissioner.

§ 25. **Penalty**—Every tax commissioner who fails to complete his assessment rolls, or fails to transmit the report mentioned in the preceding section, shall forfeit the sum of one thousand dollars, to be recovered on his official bond, for the use of the Commonwealth, in an action brought in the name of the Commonwealth by the Attorney General, when directed to do so by the State Tax Commission.

§ 26. **Names of purchasers—How entered**—Lands once described in the assessment book need not be described a second time, but any person claiming the same and desiring to be assessed therefor, may have his name inserted with that of the person to whom such land is assessed.

§ 27. **Property in two counties**—Property lying in two or more counties shall be assessed, as nearly as may be, in each county in that proportion which the part in each county bears to the whole. Ferries and toll bridges connecting two counties, other than warehouses, wharves or other appurtenances in each county, together with the franchises thereof, shall be assessed one-half in each county. Where property lies in two assessment districts, the two district tax commissioners shall confer as to and determine the value.

§ 28. **Property discovered to be in other counties**—Any district tax commissioner obtaining in any way information concerning property taxable in some other district or county shall at once notify the district tax commissioner of that district, and send him a description of the property, the name and address of the owner and any other facts pertinent to the assessment. A duplicate of such notice shall be sent to the State Tax Commission. For this service the district tax commissioner shall be allowed fifty cents for each parcel of property so reported and assessed.

§ 29. **Assessment roll the warrant for the collection of taxes**—The assessment roll or book shall be the sole warrant for the collection of State and county taxes, and of district taxes to be collected by the sheriff as hereinafter provided and covered into

the county treasury, and may be the warrant for the collection of municipal taxes, as hereinafter in this act provided.

§ 30. **Copies for cities**—Cities and towns desiring to have their taxes collected on the basis of the county assessments may, with the consent and approval of the State Tax Commission, obtain copies of the assessment roll. Such copies shall be made by deputies of the district tax commissioners and shall be certified to by the district tax commissioner or his deputy. The city or town requesting the copy shall pay into the State Treasury a sum equal to five cents per folio of one hundred words or figures. The money so paid is hereby appropriated to pay the expenses of copying the rolls at such rates not exceeding five cents per folio as the State Tax Commission shall allow, and shall be kept in a separate fund to be known as the "city assessment roll fund," and shall be paid out by the Auditor of Public Accounts on order of the State Tax Commission in the same manner as other payments are made of State money.

SUBDIVISION II.

QUADRENNIAL REVALUATION OF REAL ESTATE.

Duties of State Tax Commission and of Deputy Tax Commissioners.

§ 1. **Real estate revalued only once in four years**—Once every four years the valuation and assessment of real estate shall be thoroughly revised and corrected. The values fixed at that time shall be used, unchanged, except as otherwise provided by law, as the assessed values of the real estate during the three succeeding years. The first quadrennial assessment shall be made as of September first in the year 1916. *Provided*, that, whenever the State Tax Commission shall determine that the value of real estate in any district or county or city or town has changed materially during the interval between the regular quadrennial revaluation of real estate herein provided for, the Commission may order a revaluation and assessment of such real estate to be made, and such revaluation shall be made at the time of the regular annual assessment of all property.

§ 2. Rules and standard values, agricultural lands—The State Tax Commission shall formulate rules and issue instructions to district tax commissioners as to the manner in which the quadrennial revaluation of real estate is to be made. It may cause the district tax commissioners to assemble in convention for discussion and instruction.

The State Tax Commission may, for the purpose of obtaining uniformity of valuation for agricultural and other tracts of land, denominate grades or classes of land, and may, if it deem it expedient to do so, fix standard values for the guidance of district tax commissioners. The Commission may, before any quadrennial assessment of real estate, cause its rules, grades, classes or standard values to be published, and public hearing as to the reasonableness of the rules, grades, classes, or values may be held in different parts of the State.

Rules and basing values, city lands—The State Tax Commission may likewise prescribe general rules, or fix "basing values," for the purpose of securing a uniform valuation of the city and town lots. These rules and standard values, or "basing values," may be published and the Commission may hold public hearings for discussion of the rules and standard values within each city.

Rules and standard values, improvements—The State Tax Commission may, if it deem it expedient, fix rules and standard values for different kinds and classes of improvements, both in the country and in cities, all to the sole end that assessments shall be uniform and equal at the true value of the lands and improvements. It shall have power to enforce its rules and standard values, and to require them to be followed by all district tax commissioners and their deputies.

§ 3. District tax commissioners to search out values—The district tax commissioners shall, prior to the making of the first quadrennial revaluation of real estate, diligently examine the real estate within their districts and ascertain its value. They shall search out, through all available sources of information, the actual consideration paid when real estate is conveyed from one person to another. They shall ascertain the appraisements made of real estate in the case of estates passing under the inheritance laws, or appraisements made under condemnation proceedings, or for any other purpose. They shall examine, if deemed necessary, under

oath, any real estate dealers, brokers, agents or other persons having knowledge of real estate values. They shall inquire into the rentals paid for real estate under lease and may demand and examine the lease contracts. They shall inquire into the products obtained from different classes of lands and the values and costs thereof. They shall make such further inquiries as the State Tax Commission shall prescribe. They shall keep a record in their own offices of all the facts and of the information obtained, as above provided, and shall transmit copies of these records to the State Tax Commission.

§ 4. **District tax commissioners to keep records of values—**Preparatory to each subsequent quadrennial revaluation of real estate after the first, the district tax commissioners shall continue the above investigations into real estate values all throughout the ensuing years between the revaluations and shall search out all evidences of changing values. They shall revise their records and send copies of the changes to the State Tax Commission.

§ 5. **District tax commissioners to fix values—**Upon the basis of the information obtained by them, and in accordance with any instructions issued by the State Tax Commission, the district tax commissioners shall fix the true values of real estate and enter the same in their assessment rolls. The values so determined and entered shall be subject to review and equalization by the county boards of supervisors as hereinafter in this act provided, and by the State Tax Commission, and when so reviewed and equalized, shall be the assessed values for the ensuing four years, unless in the meanwhile the State Tax Commission shall have ordered a new revaluation of real estate to be made.

SUBDIVISION III.

Assessments By The State Tax Commission.

§ 1. **Property assessed by State Tax Commission—**Every corporation organized under the laws of Kentucky whether doing business in this State or not, and every corporation organized under the laws of any other State or country, doing business in Kentucky, except religious, benevolent, and other associations, not organized for profit, whose property is exempt under the Constitution of this State, is hereby declared to possess a taxable franchise, and said

franchise is property subject to taxation as any other property under the provisions of this act. But the franchises of banks and trust companies, are hereby declared to be covered by and included in the assessment of the shares of stock elsewhere in this act provided for, and shall not be again assessed and taxed. The word "company" as used in this subdivision, shall include any corporation, joint stock company, association, partnership, firm, or individual engaged in the business specified.

All franchises; all property of railroads, including interurban and street railways, whether tangible or intangible; the shares of stock in all banks and trust companies; all property, tangible and intangible, of railroad bridge companies; all property, tangible and intangible, of turnpike companies; all property, tangible and intangible, of all telephone and telegraph companies, of all car companies, of all express companies, of all oil pipe line companies, of all gas companies, of all electric light companies, of all electric power companies, of all press dispatch companies, and also of all other corporations, companies, or associations, having or exercising any special or exclusive privilege or franchise not allowed by law to natural persons, or performing any public service, whenever any of said companies have property lying in two or more counties; the franchises, but not the tangible property of public utilities operating in only one county; and all distilled spirits in bonded warehouses shall be assessed by the State Tax Commission acting as a central Board of Valuation and Assessment.

The assessments so made shall be entered on a state assessment roll, hereinafter provided for, and shall also be apportioned by the State Tax Commission to the counties, cities and other taxing districts where the property is located and entered on the county, city and other assessment rolls. The State taxes thereon shall be paid directly to the State Treasurer upon order of the Auditor of Public Accounts, all local taxes thereon shall be paid as other local taxes are paid. No other assessment for general State or local taxation shall be made on property of this kind.

§ 2. Reports to State Tax Commission—For the purpose of aiding the State Tax Commission in making these assessments, every corporation, company, or person owning or having control of any of the property named in section one of this subdivision including franchises and tangible property, shall file with the Com-

mission a report in such form and in such detail as the Commission shall prescribe. These reports, except as otherwise specifically provided, shall be due September first, and delinquent ten days thereafter in each year.

The reports from the different classes of tax-payers herein required to report shall contain the following information and such other information as the State Tax Commission shall deem necessary. The Commission shall prescribe the form of the report and may provide different forms for different classes of corporations and companies and shall furnish printed blank forms for the making of the report.

(1) **Reports on franchises**—Every railway company or corporation, and guarantee or security company, gas company, water company, pipe line company, ferry company, bridge company, street railway company, express company, electric light company, electric power company, telegraph company, press dispatch company, telephone company, turnpike company, palace-car company, dining-car company, sleeping-car company, chair-car company, and every other like company, corporation or association, also every other corporation, company or association having or exercising any special or exclusive privilege or franchise not allowed by law to natural persons, or performing any public service, also every corporation organized under the laws of Kentucky, whether doing business in this State or not, and every corporation organized under the laws of any other State or country and doing business in Kentucky, except banks and trust companies, elsewhere in this act provided for, whose franchises are hereby declared to be covered by the taxes otherwise computed; and except, further, religious, benevolent and other corporations not organized for profit, whose property is exempt under the constitution of this State, and including further every person, firm, partnership or association exercising, or possessed of the right to exercise, any special or exclusive privilege or franchise granted by the Commonwealth, or by any county, city or other governmental authority, or performing any public service, shall, in addition to the taxes imposed on its tangible property by law, annually pay a tax on its franchise to the State and a local tax to the county, incorporated city, town or taxing district where its franchise may be exercised and shall file with the State Tax Commission a report on its special franchises and on its corporate franchise setting forth the following facts as of June thir-

tieth in the year for which the report is made, or for the year ending June thirtieth as the case may be; viz: the name and principal place of business; the State or country under the laws of which it is organized; the name and post office addresses of its officers or agents in this State, and the name and post office address of the officer or agent who is charged with the duty of paying taxes; the kind of business engaged in; the number and par value of the shares of capital stock, preferred or common, authorized; the number of shares of capital stock issued and outstanding; the amount paid thereon in cash and the amount paid in in property or other considerations; the highest price at which any such stock has been sold or transferred by the company or by any stockholder at a *bona fide* sale within twelve months preceding the thirtieth day of June in the year in which the statement is made; or if no sale has been made, the amount at which any *bona fide* offer of sale or of purchase was made; the amount of surplus funds and undivided profits and the value of all other assets; the amount of all indebtedness, showing separately the bonded debt, mortgages, notes and all unsecured or other indebtedness; the gross receipts and the net income, from all sources for twelve months, next preceding June thirtieth in the year in which the statement is made; the expenses incurred for the same period; the amount, kind and true cash value of all tangible property taxable in this State, and where situated and assessed, or liable to assessment; the amount and true value of all non-taxable property owned; the assessed value of all property, other than the franchise, owned on the thirtieth day of June, whether acquired since assessment or assessed in the name of the company or person reporting as assessed on the last completed State or county assessment roll; and any and all other facts which the State Tax Commission shall require.

Inter-state companies—In the case of corporations or companies doing business in this State and in other states, except railroad companies, telegraph and telephone companies, car companies, express companies, and all other companies doing a public service, each company shall report the total amount of business done both within and without this State and the amount done within this State, also what proportion, as nearly as may be ascertained, of its aggregate capital is invested and used within this State, what proportion of its employees are employed within the State, and how many agents or business correspondents it has within this State.

Railroad and other companies to report additional items—Railroad companies, telegraph and telephone companies, car companies, express companies, pipe line companies, and all other companies doing a public service, and doing business both within this State and in other States, shall, in addition, report the length of the entire lines owned and operated both within and without the State, and the length of the said lines within the State; also, the length of the lines owned but not operated and by whom operated, both within and without the State; also the length of the lines operated but not owned, and by whom owned, within and without the State; also the length of the lines owned and operated, owned but not operated, and operated but not owned, in each county, city, incorporated town, school district, or other political subdivision possessed of the power to levy taxes, in this State.

Net and gross receipts—They shall also report the gross and net receipts within and without the State, including among the receipts within this State, that proportion of the receipts from interstate business reasonably attributed to this State. The gross receipts attributable to this State shall include the receipts from business beginning and ending in this State, and that proportion of the receipts from interstate business, which the mileage of the roads, lines, or routes, over which such interstate business is done within this State, bears to the total mileage over which such business is done.

(2) Railroads to report on physical property—Railroad companies operating with the State, including interurban and street railways, shall, in addition to the facts required concerning the franchises, report the following facts concerning the physical property:

a. The whole number of miles of railway owned and operated in the State, and, where the line is partly within and partly without the State, the whole number of miles within and the whole number of miles without, owned and operated by the company reporting;

b. The whole number of miles owned but not operated, and by whom operated, both within and without the State;

c. The whole number of miles operated but not owned, and by whom owned, both within and without the State.

In regard to lines owned but not operated, or operated but not owned, a statement showing who under the terms of the lease or other operating is responsible for, or will assume, the payment of the taxes which may become a lien on the property.

d. The number of miles of right of way, showing separately that used and unused, in this State, and in each county, city, incorporated town, school district, or other political subdivision possessed of the power to levy taxes, in this State, showing separately, also, the right of way for main line, and that for spurs, wyves, sidings, and other track appurtenances, and the width of all rights of way, with a general description thereof.

e. A description of the road bed, rails, bridges, of any double track, of spurs, wyves, sidings, and other track appurtenances; of signal systems, telegraph lines, telephones, and other appliances for communication; of any terminal facilities within this State; all by convenient, or by recognized divisions, lines, or sections of the road, and by political subdivisions of this State, together with the value thereof per mile of rights of way in each political subdivision of this State.

f. The depot grounds and buildings, other lands and buildings, or structures, all section houses, barns, warehouses, packing-houses, elevators, and other structures on or off the right of way, and the value thereof in each political subdivision of this State.

g. The number, kind, and value of all rolling stock owned or hired and used on the entire system operated, and the proportion thereof used within the State, together with the value of each kind and class used on the entire system and of such used within this State.

Statement to be filed but once—Whenever a complete statement of the above items, (a) to (g) inclusive, has once been filed to the satisfaction of the State Tax Commission, no annual restatement thereof need be filed thereafter, unless required by the Commission, but all changes which may be necessary to keep the statement up to date and true for each succeeding year, shall be reported annually.

(3) **Other public utilities to report tangible property**—All telephone and telegraph companies, all car companies, all express companies, all oil pipe line companies, all gas companies, all electric light companies, all electric power companies, all press dispatch companies, and also all other corporations, companies or associations, having or exercising any special or exclusive privilege or franchise not allowed by law to natural persons, or performing any public service whenever any of said com-

panies have property lying in two or more counties, shall report, in addition to the report above provided for, all their tangible property in such form and in such detail as the State Tax Commission shall prescribe, including all rights of way, poles, wires, pipes, conduits, cables, switchboards, telephone and telegraph instruments, batteries, generators, and other electrical appliances, all exchange and other buildings and lands, canals, tunnels, ditches, flumes, aqueducts, dams, reservoirs, water sources and water rights, transformers, substations, gas holders, gas and electric generators, meters, gas and electrical appliances, oil tanks, power plants, pumping plants, pipe lines, power houses, cars, and other rolling stock, trucks, wagons, horses, harnesses, and safes, and all other physical, tangible and intangible property of every sort and description. And all such companies, shall further, upon the demand of the State Tax Commission, furnish any map or other descriptions of its properties which said Tax Commission may require.

(4) **Local officials to report boundaries of districts**—The State Tax Commission may require any state, county, city, or town, or district officials having knowledge of the same to file a statement or a map showing where any railroad or other public utility crosses the boundary when entering or leaving their counties, cities, towns or districts, and upon application of any railroad or other public utility shall furnish such railroad or other public utility with a copy thereof.

(5) **Banks to report what**—It shall be the duty of the president, cashier or other chief officer of each bank or trust company, organized under the laws of this State, or under the laws of the United States, or of any other state or country and located in this State, to make and deliver to the State Tax Commission a verified statement, in such form and detail as the State Tax Commission shall prescribe, showing the following facts:

The name and post office address of the bank or trust company; the name of the president, cashier and directors and their post office addresses; the number of shares of the capital stock; and the par value thereof; the amount paid in on the capital stock; the amount of the surplus and of the undivided profits; the market value of each share of stock; the amount and value of all real estate situated in this Commonwealth, held and owned by the bank or trust company and the assessed value thereof; all the assets and liabilities; the loans and

deposits; and such other information as the State Tax Commission shall require. The items shall all be reported as of the close of business on the first day of September or on the nearest business day thereto. *Provided, that*, in each year when there is to be a revaluation of real estate affecting any real estate owned by any bank, that bank may postpone reporting the assessed value of such real estate until the revaluation shall have been completed, but it must, in the report above provided for, state the true value of, and give a description of the real estate.

(6) **Railroad bridge companies to report**—Railroad bridge companies shall report, in addition to the information required in the report on their franchises, the following information concerning their tangible property. The location of the bridges, a description of the structure, and of all rights of way leading thereto, all other real estate owned, including all buildings and structures, all machinery and all personal property, the railroad companies using the bridge or bridges and the terms of such use, and such other items as the State Tax Commission shall prescribe.

(7) **Turnpike companies to report**—Every turnpike company shall, in addition to the report required on the franchise, make a report on the tangible property, showing the whole length of the road, the length of the road in each county, the width of the right of way, all real estate owned, all buildings or other structures, machinery and tools and such other matters and things as the State Tax Commission shall require.

(8) **Reports on spirits**—Every owner or proprietor, whether a corporation, a partnership, or other, of a distillery bonded warehouse in which distilled spirits are stored shall, between the first day of September and the first day of October of each year, report the quantity and kind of spirits in such warehouse on the first day of September in the year in which the statement is required to be made, the dates when the spirits were made, the county, city, town or taxing district in which the warehouse is situated, whether or not the United States Government tax has been paid thereon, if not, the **date of** expiration of the bonded period, the fair cash value of the spirits, estimated at the price it would bring at a fair voluntary sale, and such other facts as the State Tax Commission may require.

§ 3. **Verification**—All statements or reports, required under section two above, shall be verified. In the case of a corporation,

the verification shall be by the president, cashier, secretary, treasurer, manager, resident agent, or some other chief and responsible officer, receiver, assignee, trustee, administrator, executor or other person in control, whose affidavit shall be satisfactory to the State Tax Commission. In the case of individuals, firms or partnerships, by the owner or a member of the firm or partnership.

§ 4. Assessment how made in case of failure to report—If any company or person, required to make the report provided for in section two of this subdivision, shall, after demand therefor, fail or refuse to furnish the State Tax Commission, within the time prescribed in this act, the verified report required to be made, the Commission shall make a note of such failure in the assessment roll of the State hereinafter in this act provided for, and shall make an estimate, from the best information it can obtain, of all matters and things required to be reported, and shall make an assessment of the franchises, shares, or other property to be assessed. This Assessment shall be known, for convenience as an arbitrary assessment, but shall be as fair and equitable as possible. The Commission shall send notice of this assessment to the last known post office address of the company or person assessed and shall allow the company or person ten days in which to show cause why the assessment should not be final. After the lapse of ten days the assessment shall be final, unless cause for correction be shown.

Penalty for failure to report—If in any succeeding year the company or person again fail or refuse to report, the same procedure shall be followed, and a penalty equal to the tax shall be added thereto to be collected in the same manner as the tax is collected. For each subsequent failure, the tax and penalty shall be an amount equal to the tax plus twice the penalties imposed the preceding year.

Company's penalties—Any company wilfully failing or refusing to make and furnish any report prescribed in this act, or rendering a false or fraudulent report, shall be guilty of a misdemeanor and subject to a fine of not less than three hundred dollars and not exceeding five thousand dollars for each offense.

Officers' penalties—Any person required to make, render, sign, or verify any report, who makes any false or fraudulent report, with intent to defeat or evade the assessment required by this act to be made, shall be guilty of a misdemeanor, and shall for each

such offense be fined not less than three hundred dollars and not more than five thousand dollars, or to be imprisoned not exceeding one year in the county jail of the county where said report was verified, or be subject to both said fine and imprisonment, at the discretion of the jury.

§ 5. **How franchises are to be assessed**—In making the assessment of franchises, the State Tax Commission shall, from the reports of the companies and persons required to be filed, as provided in this subdivision, or from any other available sources of information, fix, according to its best judgment, the value of the aggregate capital stock employed by the company or person within this State, whether such capital stock be represented only by the shares of common or of preferred capital stock in the narrower sense of the term "capital stock", or also by bonds, notes, or other securities used to obtain funds, or capital stock in the broader sense of that term, used in the conduct of the business.

Determination of capital stock—In thus determining the value of the aggregate capital stock, the State Tax Commission may consider the prices at which the shares of capital stock, the bonds or other securities were sold or transferred, or at which they have been quoted for sale or purchase. It may also consider the earnings of the company available for dividends, the interest promised and that being paid, or available to be paid, upon bonds, and all other profits or receipts. It may consider also any other related facts pertinent to a determination of the true value of the aggregate capital stock. It shall especially consider the fact of incorporation, the ownership, enjoyment, or exercise of any special privileges, patents, or other rights, and the existence of contracts and business agreements and business connections and other similar factors, contributing to the value of the aggregate capital stock.

Interstate business of non-utility companies—In the case of corporations or companies other than railroads, telephone and telegraph companies, car companies, express companies, pipe line companies, and other public service companies doing business in other states as well as in this State, the State Tax Commission shall determine the value of that part of the capital stock which is used in this State. In making this determination, the State Tax Commission may consider: the gross and net receipts within and without the State, including among the receipts within this State that proportion

of receipts from interstate business reasonably attributable to this State; the actual investment of capital within this State, in land, buildings, machinery and other property; the number of employees, agents, business correspondents and the like within this State; and any other facts pertinent to a fair and equitable apportionment of the capital stock to this State.

Interstate public utilities—In the case of railroads, telegraph and telephone companies, car companies, express companies, pipe line companies, and other public service companies, the road, lines, and routes of which extend beyond the State, the State Tax Commission shall fix the value of the aggregate capital stock of the company, both within and without the State, and shall determine what proportion thereof is used within the State. In determining the value of the capital stock used within this State, the Commission may consider the ratio of the number of miles of road, lines, or routes operated within the State to the total number of miles of road, lines or routes operated both within and without the State. It may also consider the ratio of gross receipts within the State to the total gross receipts within and without the State. In considering gross receipts, it may attribute to this State all receipts from business beginning and ending in this State, and that proportion of the gross receipts from interstate business which the mileage of roads, lines, or routes, over which such interstate business is done within the State, bears to the total mileage over which such business is done. It may also consider what allowance or deduction, if any, should be made for parts of the capital stock invested in other roads, lines, or routes not operated as part of the system entering this State, or which is invested in property or used in business of another character, or otherwise not representing any part of the system operated in direct conjunction with the roads, lines or routes entering this State. It may also consider what additions should be made to the portion of the capital stock deemed to be used in this State, or to portion outside the jurisdiction of the State for plants, works, or other special facilities within, or, respectively, without the State, for differences in the original cost, present value or earning power of different parts of the system. It may also consider any other facts pertinent to a fair and equitable determination of the proportion of the aggregate capital stock used within this State.

Kentucky companies operating outside the State—If any com-

pany of the kinds named in this section being a company organized under the laws of this State have all its rails, lines, or routes outside of this State, the State Tax Commission shall fix the value of its entire capital stock as hereinbefore provided, and apportion to this State for taxation therein the proper proportion and not less than one per cent of its said capital stock, and the amount so apportioned shall be the value of its intangible property, including its corporate franchise, stocks, bonds, securities and choses in action, subject to taxation in this State and in the county, city, town and district where its principal place of business in this State may be located.

Franchises—How measured—From the value of the aggregate capital stock of each company as determined by the State Tax Commission, there shall be subtracted the assessed value of all tangible property taxed in this State, whether assessed by its deputies, the district tax commissioners, or by the State Tax Commission itself, and the value of all non-taxable property in this State belonging to the company. The difference or remainder shall be considered the value of the intangible property of the company, or the value of the franchise as the term "franchise" is used in this act.

§ 6. **Commission to assess physical property—**The State Tax Commission shall each year value and assess the physical or tangible property within this State of all the corporations, companies enumerated in section one of this subdivision and shall determine the amount thereof in each political subdivision of the State having taxing power. In determining the value of the physical property, the State Tax Commission shall be guided by the reports required to be made under this act, but it may take into consideration any and all other sources of information available. It may inspect the property and may send its duly accredited representatives to do so. The Railroad Commission shall grant to the State Tax Commission access to any and all of its files and records bearing upon the value of railroads.

§ 7. **Assessment of bank shares—**The shares of the capital stock of all banks and trust companies, doing business in this State, shall be subject to taxation, both for state and local purposes, in the same manner and at the rates as other property is taxed, and upon the basis of valuation and assessment hereinafter in this section provided for.

The State Tax Commission shall each year value and assess the shares of the capital stock of all banks and trust companies doing business in this State. The shares of the capital stock of the banks shall be assessed and taxed in the city or town where the bank is located and not elsewhere. The assessment and taxation of the shares of stock of banks organized under the laws of the United States shall not be at greater rate than is assessed upon the shares of stock of other banks and trust companies in this State. In making the assessment, the Commission shall, first, determine the actual value of the shares, and shall then deduct therefrom the assessed value of any real estate situated in this State and owned by the bank or trust company in its own right. The shares of the capital stock of all banks and trust companies shall be assessed to the owners or holders thereof. But it shall be sufficient to describe the owners or holders as the "owners or holders of the shares of stock in the Bank of ———", inserting the name of the bank. The banks shall be liable for all taxes on the shares and shall act as the agent of the shareholders for reporting the value of the shares, and shall pay the taxes on behalf of the share-holders.

In the case of banks not having shares of capital stock, of agencies or branches of banks not incorporated under the laws of this State and of any analogous banking houses, the State Tax Commission shall assess the moneyed capital used in this State by each such bank, agency, branch, or other banking house. The shares of capital stock of solvent banks in liquidation shall be assessed as the shares of other banks are assessed. The shares of insolvent banks in liquidation shall be assessed at, as nearly as may be, the amount that will be realized by the share-holders after liquidation has been completed.

§ 8. **The State assessment roll**—On or before January first in each year, the State Tax Commission shall make an assessment roll, or book or books, to be known, for convenience, as "the State Assessment roll," and shall enter therein the names of the taxpayers whose property has been assessed by them as provided in section one of this subdivision, together with their last known office addresses, and the kind and assessed value of the property assessed by it. It shall deliver the State assessment roll when completed to the Auditor of Public Accounts, who shall extend the State tax against the property shown therein.

§ 9. **Assessments apportioned to counties**—All assessments made by the State Tax Commission shall, by that Commission, be apportioned to the counties in which the property so assessed has its situs. The State Tax Commission shall, on or before December first in each year, certify to each district tax commissioner, the names of the tax-payers whose property has been assessed and apportioned to the counties within his district, or county, together with the last known post office addresses of the tax-payers, the kind and assessed value of the property assessed by the Commission, and such other details as the Commission shall deem necessary. The district tax commissioner shall enter the assessments so certified to him in a part of the assessment roll, book or books of the county, to be designated "the roll of property assessed by the State Tax Commission," and shall segregate the same to the different taxing districts within the county. The county clerk shall, as hereinafter in this act provided, extend against this property all taxes to which it is subject, save and except the State tax, and he shall make no entry of the State tax on this part of the roll. In making the apportionment to the counties, cities, or other taxing districts, of the assessment of the franchises of railroads and other public service corporations, companies, and associations named in Section one of this subdivision, when the same are operating or have property lying in two or more counties, the State Tax Commission shall make that apportionment on the basis of the miles of rails or lines within each county, city, or other taxing district. The tangible property of such corporations, companies, or association, except rolling stock and similar movable tangible property, shall be assessed where it lies. Rolling stock and similar movable tangible property shall be apportioned on a mileage basis over the lines where it is used. The assessments so made and apportioned, and no other, shall be the basis of taxation of said franchises, in the counties, cities, and other taxing district.

§ 10. **Notice of time for hearings**—On or before the first day of December in each year, the State Tax Commission shall complete the assessment and shall publish a notice in one daily paper published at the State Capital, one daily paper having a general circulation in the eastern part of the State, one having a general circulation in the central part of the State, and one having a general circulation in the western part of the State, stating that it has completed the assessment of property to be assessed by the State Tax

Commission and that the assessment roll thereof will be delivered to the Auditor of Public Accounts on the first day of January, and will on that day certify the assessments to the tax commissioners for insertion in the county rolls, and that if any corporation, company, person, firm, partnership, or association is dissatisfied with the assessments made by the Commission, it may at any time before the first day of December apply to the Commission to have the same corrected in any particular. The Commission shall have power at any time before the first day of December to correct the State assessment roll and to raise or lower any assessment therein of its own motion, or on application as above provided, if in its judgment, the evidence presented or obtained warrants such action.

ARTICLE IV.

REVIEW AND EQUALIZATION.

SUBDIVISION I.

County Board of Supervisors.

§ 1. **Appointment of boards of supervisors**—In every year in which a quadrennial revaluation of real estate is to be made, or in any year when a revaluation of real estate has been ordered by the State Tax Commission, the county judge of each county concerned shall, at the November term of the court, appoint five intelligent, discreet housekeepers, who are owners of real estate and who reside in different portions of the county, to constitute the board of supervisors of assessments for the county. In counties in which there is a city of the first or second class, he shall appoint three additional persons from each such city who shall be residents of different wards therein; and in counties in which there is a city of the third or fourth class, he shall appoint two additional persons from each such city who shall be residents of different wards therein, and the persons so appointed from the cities shall, with the other five above provided for, constitute the board of supervisors of assessments for such counties.

§ 2. **Boards of supervisors for review of personal property**—In years when no revaluation of real estate is to be made, the county

judge may, if he deem it necessary, appoint a similar board of supervisors of assessments, and he must do so when requested to do so by the State Tax Commission, or by the fiscal court of the county or by that board, body, commission or court which may in any county take over and exercise the functions usually exercised by the fiscal court.

§ 3. **Sheriff to serve appointments**—The clerk of the county court shall make as many copies of the order appointing such supervisors as there are supervisors appointed and one more, and deliver same to the sheriff of the county, who shall deliver a copy to each supervisor at least twenty days before the first day of January thereafter and make due return thereof to the clerk of the county court.

§ 4. **Oath supervisors shall take**—The supervisors, before they enter upon the discharge of their duties, shall take the following oath:

“You swear that you will, to the best of your ability, discharge the duties required of you as supervisor of tax, and that, in each instance where the property has not been assessed at its fair cash value, estimated at the price it would bring at a fair voluntary sale, you will increase or decrease the value and fix the value at what you believe the property would bring at a fair voluntary sale.”

§ 5. **Penalty for failure to attend sessions**—The failure to be in attendance promptly on the day fixed for the session of the board to begin shall, without a reasonable excuse, subject the person or persons so failing to a fine of not exceeding twenty-five dollars; and the vacancy or vacancies so created, or from any other cause, shall be filed by the county judge.

§ 6. **Meeting of supervisors and duties**—The county boards of supervisors of assessments shall convene in public session at the county seat of their respective counties on the first Monday in January of the year succeeding their appointment. The county clerk shall act as secretary of the board. At the time of their convening, the county clerk shall lay before the county board of supervisors the assessment roll or books, together with the maps, records, statements and copies of any orders of the State Tax Commission used or followed by the district tax commissioners in making the assessments. The board of supervisors shall examine the books and ascertain:

(1) Whether all property subject to taxation has been entered thereon, and whether any has been assessed more than once; (2) whether all the requirements of the law with respect to assessments have been complied with; (3) whether the real estate, and other property has been valued according to law and the true values entered in the assessment roll.

§ 7. **Supervisors' powers**—The board of supervisors shall have power, and it shall be its duty:

(1) To order the district tax commissioner to enter in the assessment roll, and to fix the value of, any property found to have been omitted; (2) to order the district tax commissioner to correct any erroneous entries, to cancel duplicate assessments and to make the roll conform to the law; (3) to hear the complaints of any taxpayers claiming to be aggrieved by any unjust or unequal assessments, and after consulting with the district tax commissioner or his deputy, may order the tax commissioner to raise or lower the assessments made of the property of the taxpayers appearing and complaining, but no taxpayer who has failed, refused, or neglected to file with the tax commissioner a sworn statement of his property shall be entitled to be heard, nor shall his assessment be reduced; (4) to raise, on its own motion, any or all assessments found in the rolls, but no assessment shall be lowered, save as provided in sentence (3) immediately above; (5) to summon witnesses and to examine them under oath. Any person who shall wilfully fail to obey the summons of the board, or shall refuse to testify before it when required, shall be deemed guilty of a misdemeanor and, on conviction, be fined not less than twenty-five dollars nor more than one hundred dollars for each offense.

All orders issued to the district tax commissioner shall be entered in the minutes of the board and duplicate copies thereof transmitted by the county clerk, one to the district tax commissioner and another to the State Tax Commission. The orders shall be numbered, and when making the entries or corrections ordered by the board, the district tax commissioner shall make a marginal reference to the order complied with. In all its actions, the board of supervisors must conform to the rules and orders of the State Tax Commission in the same manner as is required in this act of the district tax commissioners. The district tax commissioner shall comply with all orders of the board. But the State Tax

Commission may, on appeal, annul any order, and in that event the district tax commissioner shall regard the order as void.

§ 8. Review of personal property—In the years in which the regular quadrennial revaluation of real estate is to be made, or any special revaluation of real estate has been ordered by the State Tax Commission in any county, city or town, the boards of supervisors shall devote special attention to the values of real estate and make every effort to bring about a full assessment thereof. In all other years, any boards of supervisors which may be appointed and convene shall make no changes in real estate values, save of new improvements added, but shall confine their orders to the values placed upon personal property and new improvements.

§ 9. Sessions of supervisors—In each year when a revaluation of real estate is to be made, the board of supervisors shall hold two sessions with an interval of two weeks between them. In all other years there shall be but one session. In counties having a population of less than twenty thousand and not containing a city of the first, second, third or fourth class, the first session, or the only session, shall continue not less than two, nor more than six days; and in counties having a population of twenty thousand or more, and not containing a city of the first, second, third or fourth class, the board shall continue in session not less than two nor more than eight days; and in counties containing a city of the first class, the board may remain in session not to exceed twenty days; and in counties containing a city of the second class, the board may remain in session not to exceed fifteen days; and in counties containing a city of the fourth class, the board may remain in session not to exceed ten days. The second session shall, in counties having a city of the first or second class, continue not less than one nor more than ten days, and in all other counties, not less than one nor more than five days.

§ 10. County clerk to notify of changes—It shall be the duty of the county clerk to notify all taxpayers, whose assessments have been ordered made or changed, of the assessment or change and the amount thereof. Such notices shall be sent by mail to the last known postoffice address of the taxpayer. If the address be not known, the sheriff shall serve them. The cost of mailing the notices, or of service, shall be paid out of the county levy.

§ 11. **Appeal from decision of supervisors**—Taxpayers dissatisfied with the action of the county board of supervisors, or who by reason of the shortness of the sessions of that board have not been heard, shall have the right to appeal to the State Tax Commission. Such appeals must be presented before the first Monday in February; any later appeals are hereby barred. The appeal may be in writing and sent by mail, in which case it must be verified under oath, or it may be presented in person. The appeal may be heard by any district tax commissioner, or his deputy, and the facts obtained at the hearing shall be forwarded by the district tax commissioner to the Commission. The Commission shall decide the appeal and its decision shall be final. But no taxpayer who has failed, neglected or refused to file a sworn statement of his property shall have the right of appeal, nor shall any such appeal, if attempted to be made, be granted or heard.

§ 12. **Certificate of supervisors**—The board of supervisors shall keep a record of the proceedings and of all formal orders issued. They shall annex their certificate to the assessment roll, book or books, certifying that they have examined the same, and approve them, when amended or corrected as ordered, and shall return them with the record of their proceedings to the county clerk as soon as their last session be over.

§ 13. **Compensation of supervisors**—The supervisors and the clerks shall be allowed for their services four dollars per day for each day they shall be necessarily employed, to be paid one-half out of the State Treasury and one-half by the county. There is hereby appropriated for each year out of any money in the State Treasury not otherwise appropriated, the sums necessary to pay the above compensations computed as above directed. The clerk shall certify to the county court the approval of the assessment roll, book or books, and the number of days of the sessions and the amount due for compensation. The county court shall enter the facts of record and shall certify the same to the State Tax Commission, who, if it finds that the proceedings were in order, shall transmit the claims of the supervisors and clerks against the State to the Auditor of Public Accounts, who shall pay the same in the same manner as other legal claims against the State are to be paid. The county court shall also certify the claims of the super-

visors against the county to the fiscal court for payment and said court shall provide for their payments.

§ 14. **Irregularities not to invalidate**—Any informality or irregularity in the discharge of their duties by the supervisors, and any failure of duty on their part, shall not render any assessment invalid.

§ 15. **Tax Commission may sit with supervisors**—The State Tax Commission may send one or more of its members to attend any session of the board of supervisors, or may send its accredited representative to attend such session or sessions, and such members or representatives shall be empowered to sit with the board of supervisors, and to take part in its proceedings, but shall not have a vote.

§ 16. **Books and records returned to clerk**—Upon completion of the work of the board of supervisors, the assessment roll, book or books shall be taken in custody by the county clerk, and all maps, statements, orders of the State Tax Commission or other records shall be returned to the district tax commissioner.

§ 17. **Supervisors not to raise State assessments**—No board of supervisors shall raise or lower any assessment of property subject to assessment by the State Tax Commission and apportioned to the counties as provided in subdivision three of article three of this act.

SUBDIVISION II.

The State Tax Commission to Act as State Board of Equalization.

§ 1. **State Board of Equalization—How constituted**—The State Tax Commission shall constitute the State Board of Equalization. It shall have power, at the time of the session provided for in the next section, to raise or lower the assessed value of the property assessed on the rolls of any county, either as a whole or by classes. But it shall not have power to raise or lower any individual assessment, after the same has been approved by the board of supervisors, save on appeal from rulings of a county board of supervisors as provided for in subdivision 1 of this article.

§ 2. **Meetings**—The State Tax Commission shall convene at the State Capitol as the State Board of Equalization on the sec-

ond Monday in February in each year, and remain in continuous session, for the purpose of equalizing the assessment of property between counties throughout the State, for thirty days, or longer, if deemed necessary by the board. It may adjourn its sessions at the State Capitol to reconvene in any county.

§ 3. **To examine assessments**—At this session, the State Board of Equalization shall carefully examine the reports of the district tax commissioners as to the valuations of property in each county, and shall examine the orders made by the county boards of supervisors and shall compare them with all data on file in their office or obtainable from any source, and shall determine whether the assessments conform to the true value in money of the property assessed.

§ 4. **Percentage to be added or subtracted**—Equalization shall be accomplished by directing that a given percentage shall be added to or subtracted from the assessed value of all the property on the rolls of any county or added to or subtracted from the assessed value of any class of property. *Provided*, that no percentage shall be added to or subtracted from money or other cash items on the roll.

§ 5. **Percentages on real estate**—Only in those years when a revaluation of real estate has been made, shall any percentage be added to or subtracted from the assessed value of real estate in any county, except new improvements, but in those years the State Board of Equalization shall give special examination to the completed assessments of real estate.

§ 6. **Notifications to counties of changes**—When it is contemplated by the State Board of Equalization that it will be necessary to raise the assessed value of property in any county, it shall give public notice in that county, in such manner as it shall deem sufficient, to the taxpayers of the county, and to the county court of the county, of the contemplated action, and shall set a day and fix a place for a hearing. At that time and place any taxpayer of the county, or any officer thereof, may appear and shall be heard. The county court may appoint not to exceed five witnesses or accredited representatives of the county to appear at such hearings. The compensation and expenses of such witnesses or representatives shall be paid by the county.

§ 7. **When no equalization is deemed necessary**—If the State

Tax Commission shall be satisfied that in any one year, through its supervision of the work of the district tax commissioners of the county boards of supervisors, it has already brought about substantial equality in the assessments throughout the State, it may, on the first day of its session as the State Board of Equalization or within three days thereafter, by notice given to the county court of each county, declare that no percentages will be added to or subtracted from the assessed values of any county on the board's own motion. But any county or any taxpayer within any county, believing the assessed values in any county to be higher or lower than those of any other county, may within ten days after the day of the issue of the notice of non-intention to equalize, demand a hearing, and said hearing shall be granted and a day and place fixed therefor. In such case the assessed valuation of each and every county shall be subject to equalization as though the notice of intention to make no changes had not been issued.

§ 8. Certificate of changes to county—Whenever the State Board of Equalization shall have raised or lowered the assessed valuation of property in any county, or any class of property in any county, it shall prepare a verified certificate of such action and forward the same to the county clerk of the county affected. Upon receipt of this certificate, the county clerk shall at once correct the assessment roll by adding or deducting the percentage ordered from each and every assessment to which the action of the State Board of Equalization applies.

When the State Board of Equalization has completed its work, it shall notify also all counties whose assessments were not changed of that fact.

§ 9. Certifications to auditors—Immediately upon the completion of its work and not later than April first, in each year, the State Board of Equalization shall certify to the Auditor of Public Accounts the final equalized value of the property assessed in each county in the State. The Auditor of Public Accounts shall at once compute the amount of taxes due from each county on the property assessed upon its rolls and shall cause to be printed and sent to each county clerk, each county court and each fiscal court, or its successor in powers, a statement showing the assessments made on property within each county and the State taxes due therefrom. In its report to the Auditor of Public Accounts the State Board of

Equalization may give the assessed property by counties in such classes or in such detail as it shall deem necessary and the Auditor of Public Accounts shall publish his statement in substantially the same detail.

ARTICLE V.

DUTIES OF THE COUNTY CLERKS IN RELATION TO THE REVENUES.

§ 1. County clerk to check the roll—The county clerk shall, after the examination and approval of the assessment roll by the board of supervisors attesting the accuracy of the extensions and additions on said books, make the additions for each of the columns or lines required to be added and determine the aggregate value or other totals in said assessment roll. He shall also make a recapitulation on blanks to be furnished by the Auditor of Public Accounts and record a copy of said recapitulation in said assessment roll with his official seal attached, and send another copy to the Auditor of Public Accounts. It shall be his duty to see that all footings, additions and recapitulations are correct.

He shall annually make out, for the use of the sheriff or collector, in a book, a correct list of all tithes, and shall deliver the same to the sheriff or collector on or before the first day of March, and take his receipt therefor. For attesting the accuracy of the extensions and additions on said book and for making the additions of each column, and for making out said list of tithes for the sheriff, and for computing and extending the amount of the taxes due, the county clerk shall be allowed annually, out of the State Treasury, three (3) cents for each tax computed against any taxpayer, and also for each line calling for the total values and total taxes. The clerk shall present his account to the county court, verified by his affidavit, which shall be approved and allowed by the court, if found correct, and duly certified to the Auditor, who shall draw his warrant on the Treasurer for the amount, and for making out said recapitulation sheet and recording the same in the tax book, said clerk shall receive two (2) cents for each line across the page thereof, including the last number of total values and the same compensation for copy, certifying said recapitulation sheet to the

Auditor, to be ascertained by the Auditor and paid by the Treasurer on the warrant of the Auditor. It shall be the duty of the county clerk, after the approval of the tax books by the board of supervisors, to mark with a perforating punch each line of said tax book and the recapitulation sheet, or sheets, upon which a list is not already entered. The fiscal court shall furnish the clerk with said punch. The failure of the county clerk to comply with this provision will subject him to a fine of fifty (\$50.00) dollars.

§ 2. County clerk's preliminary report to State—The county clerk must, on or before February fifteenth in each year, prepare from the assessment roll of his county, as corrected by the district tax commissioner under the orders of the board of supervisors, a statement in duplicate, showing in separate columns:

(1) The number of acres of land.

(2) The total value of all property.

(3) The value of all lands.

(4) The value of all improvements on land.

(5) The value of personal property in such classes as the State Tax Commission shall prescribe.

(6) The assessed value of all property sold for delinquent taxes.

(7) Such other items as the State Tax Commission or the Auditor of Public Accounts shall prescribe.

As soon as it is prepared, the clerk shall transmit, by mail, one copy thereof to the Auditor of Public Accounts and the other to the State Tax Commission.

§ 3. County clerk to complete the roll—As soon as the county clerk receives from the State Tax Commission a statement of the changes ordered to be made by it, when acting as a State Board of Equalization, in the assessment roll of the county, he must make the corresponding changes in the assessment roll of his county by entering the same in a column to be provided with a proper heading in the assessment book or books. In computing the assessments so changed, any fractional sum when equal to or more than fifty cents shall be counted as one dollar, and any less than fifty cents shall be omitted, so that the value of any separate assessment shall contain no fraction of a dollar.

§ 4. County clerk to extend the taxes—The county clerk must then compute and enter in a separate money column in the assess-

ment book or books, the respective sums, in dollars and cents, rejecting all fractions of a cent, to be paid as a tax on the property therein enumerated, showing also the total amount of all taxes, and the total value of all property as assessed and equalized.

§ 5. **County clerk's oath**—On or before June first in each year the county clerk must deliver the corrected assessment book or books, with the taxes entered therein, to the sheriff, with an affidavit attached thereto, and subscribed by him substantially as follows:

"I, -----, county clerk of the county of -----, do swear that I have examined the assessment book or books of this county and find that they are properly corrected to conform to the action of the board of supervisors, and that I have further corrected them to conform to the action of the State Tax Commission; that I have reckoned the respective sums due as taxes, and have added up the columns of valuation, taxes, and acreage as required by law."

§ 6. **County clerk to charge the sheriff with taxes and hand final report to Auditor**—On delivering the assessment book or books to the sheriff, the county clerk must charge the sheriff with the full amount of the taxes levied, except the taxes due the State on assessments made by the State Tax Commission and entered in the State assessment roll. He shall forthwith transmit to the Auditor of Public Accounts, in such form and detail as the Auditor shall prescribe, a verified statement of the amounts so charged showing separately State and local taxes. Any county clerk failing to forward such statement to the Auditor of Public Accounts for ten days after the roll has been delivered to the sheriff shall forfeit to the Commonwealth one thousand dollars, to be recovered on his bond by action brought by the Attorney General in the name of the Auditor of Public Accounts.

§ 7. **Change of sheriffs**—When any assessment roll is transferred from one sheriff to another, the county clerk shall credit the one and charge the other with the amount then outstanding on the assessment roll.

ARTICLE VI.

COLLECTION OF TAXES.

SUBDIVISION I.

Collection by Sheriff—Bond and Duties.

§ 1. Sheriff to collect—The sheriff, by virtue of his office, shall be collector of all State, county and district taxes, unless the payment thereof is, by law, especially directed to be made to some other officer.

§ 2. Sheriff bond and quietus—Qualifications of sureties—**Lien**—The sheriff or collector shall, on or before the first day of March next succeeding his election, and on or before the said day annually thereafter, enter into bonds with surety for the faithful performance of his duties. A quietus by the Auditor of Public Accounts, and from the fiscal court of his county for the preceding year shall be produced by each sheriff or collector to the county court on or before that day, and no tax book shall be delivered to the sheriff or collector after the first year of his term who shall fail to exhibit such quietus on or before that date. He may execute bond at any time after he receives his certificate of election up to and including the first day of March succeeding his election, and it shall be the duty of the judge of the county court to hold a court at any time the sheriff may request for that purpose. The county judge shall judge of the sufficiency of the surety, and in no case shall sureties be taken who are not jointly worth, subject to execution after the payments of all their debts and liabilities, a sum equal to the aggregate amount of money, which may probably be received by the sheriff or collector during the year succeeding the execution of the bond. The Commonwealth, the county and taxing district shall have a lien from the date the sheriff begins to act upon the real estate of the sheriff therein secured or afterward acquired by him, which shall not be discharged until the whole amount of money collected by the sheriff or collector, or for which he may be liable to them respectively, shall have been paid, and the same lien shall exist upon the real estate of a usurper of the office of sheriff or collector, or a *de facto*

sheriff or collector, or any person who may act as sheriff or collector.

§ 3. **Failure to execute bond forfeits office—Appointment of sheriff or collector—**On the failure of the sheriff or collector to execute bond and qualify as hereinbefore provided, he shall forfeit his office, and the county court may appoint a sheriff or collector to fill the vacancy until a sheriff or collector is elected, or it may appoint a collector for the county of all monies due the State, county or taxing district authorized to be collected by the sheriff, or it may appoint a separate collector of all the monies due the State, county or any taxing district thereof during the vacancy in the office of sheriff; and in the event the county court fails for thirty days to appoint a collector of money due the State, the Auditor of Public Accounts may appoint a collector thereof. Such collectors shall, within ten days after their appointment, execute bond as required of the sheriff, to be approved by the county court, and if the bond be not executed within said time the appointment of another collector may in like manner be made and qualified; but such collector shall only be required to give bond for and collect such taxes or monies as may be mentioned or provided for in the order of the county court appointing him.

§ 4. **Sheriff or collector who forfeits office—Not to be appointed to certain offices—**No sheriff or collector who shall forfeit his office under the preceding section, or who shall resign his office, shall be appointed deputy sheriff or collector for the county, or elisor or deputy collector or a deputy elisor; and if such appointment be made he shall receive no compensation for his services as such.

§ 5. **Sheriffs' revenue bond—**The bond of the sheriff or collector shall be, in substance, as follows: We, A. B. (sheriff or collector, as the case may be), and C. I. and E. F., his sureties, bind and obligate ourselves, jointly and severally, to the Commonwealth of Kentucky, that the said A. B. (sheriff or collector, as the case may be), shall faithfully perform his duties. Witness our signature this ----- day of ----- The bond shall be executed in duplicate, one of which shall be filed and recorded in the county clerk's office, and the other shall be sent to the Auditor of Public Accounts and filed in his office.

§ 6. **County court may require additional bond—**The county

court may require the sheriff to give an additional bond or bonds, with good surety, to be approved by the county court whenever it may deem the interest of the State or county so demands; and the sureties on all the bonds executed by the sheriff shall be jointly and severally liable for any default of the sheriff during the term in which said bond may be executed, whether the liability accrues before or after the execution of such bond or bonds.

§ 7. Outgoing sheriff to deliver office and settle—Penalty—The outgoing sheriff, as soon as his successor has been qualified and his bond approved, shall immediately vacate his office, deliver to his successor all books, papers, records and other property held by virtue of his office, and shall make a full and complete settlement of his accounts as sheriff. On the failure of any outgoing sheriff for ten days to comply with the provisions of this section, he shall be deemed guilty of a misdemeanor and, on conviction, be fined in a sum not less than fifty nor more than five hundred dollars, and be liable on his bond for any default.

§ 8. Death of sheriff—Sureties may nominate collector—If the sheriff shall die, resign or be removed during his term of office, his sureties shall have the right to nominate a person to collect the revenues for that year, and upon their written nomination of such person he shall be appointed by the county court, and the sureties shall remain liable to the Commonwealth for the taxes with which their principal was charged: Provided, That this section shall not apply when in any case the sureties, in the opinion of the county court, are not in the aggregate worth, in property subject to execution, above their debts, the amount of the taxes with which their principal was charged.

§ 9. Office at courthouse—Books kept by—Balances—The sheriff shall keep his office at the county seat of the county, except in counties where the sheriff has an office established in cities or towns other than the county seat, in which counties the sheriff shall continue his office at the place now established, and the fiscal court shall provide him with a room or rooms for an office with a vault or place of safety in which to keep the records of his office. He shall keep an accurate account of all moneys received by him, showing the amount thereof, the time when, and from whom received and on what account; also, of all the disbursements made by him, the amount thereof, to whom paid, the time of pay-

ment, and on what account; and he shall so arrange and keep his books that the amounts received and paid on accounts of separate and distinct or specific appropriations shall be exhibited in separate and distinct accounts. He shall balance his books on the first day of each month, so as to show the correct amount on hand belonging to each fund on the day the balance is made.

§ 10. **Sheriff's books open to inspection**—The books of the sheriff shall at all times be open to the inspection of the Auditor of Public Accounts, the Auditor's agent, the fiscal court or any member thereof, the Commonwealth's and county attorneys, or any taxpayer or person having any interest therein.

§ 11. **Bookkeeping—Form of—Auditor to adopt**—It shall be the duty of the Auditor of Public Accounts to adopt a form of bookkeeping and furnish the books not later than March 1, to be paid for as other county records, for the several sheriffs and collectors, and all sheriffs and collectors are required to keep their books and accounts in the manner and form required by the Auditor of Public Accounts, and on intentional failure of any sheriff or collector to keep his books in an intelligible manner and according to the form prescribed by the Auditor of Public Accounts, and to make the entries as required by law, he shall be deemed guilty of a misdemeanor, and for each offense be fined not less than fifty nor more than two hundred dollars, and on failure of the Auditor of Public Accounts to furnish the sheriffs and collectors with such form of bookkeeping and books, he shall be deemed guilty of a misdemeanor, and for each offense be fined not less than one hundred dollars nor more than five hundred dollars. The failure to furnish any sheriff or collector such form of bookkeeping and books shall be deemed a separate offense. The Franklin Circuit Court shall have jurisdiction to try each offense against the Auditor of Public Accounts for violations of this section.

§ 12. **Office to be kept open—Taxes, dues, retained out of claims—Witness fees**—The sheriff shall keep his office open for the collection of moneys which he may be entitled to receive, at all reasonable times, except on Sunday and legal holidays; and when any money is paid him, he shall immediately enter the same upon his record books and give to the person paying it a receipt therefor, specifying therein the amount and on what account the same

was paid, and when paying any money he shall take a similar receipt. He shall retain the amount of tax and other public dues against any person or corporation out of any claim allowed by the Commonwealth or the fiscal court to such person, except claims allowed for attendance as a witness, notwithstanding any assignment of the same.

§ 13. Deputy sheriffs—Appointment—Bond—The sheriff or collector may, with the approval of the county court, appoint one or more deputies, and take bond to himself for the faithful discharge of the duties of such deputies; but in all cases the sheriff shall be liable on his bond or bonds for any misconduct or fault of such deputies; any deputy may be removed at any time by the sheriff.

§ 14. Justices' districts visited to receive taxes—Notice—The sheriff or one of his deputies shall, at least once every ninety days, between March first and November first, visit each justice's district of the county for the purpose of receiving taxes; and he shall give notice of the time and place where he will receive taxes in such districts by written or printed notices posted at three or more public places therein, for not less than ten days before the day designated for that purpose.

§ 15. Taxes when due—Reports and payments to Auditor—Penalty—The sheriff or collector of the State revenue in each county of this Commonwealth shall, on the first day of May, June, August, September, October, November, December, under oath, report to the Auditor of Public Accounts the amount of all taxes he has collected and pay the same immediately, and shall account for and pay all taxes which he has collected for the State into the State Treasury by the first day of December in each year; and upon his failing to do so he and his sureties shall be liable therefor, and shall be proceeded against at the first term thereafter of the Franklin Circuit Court. Any sheriff or collector who shall fail to report as herein required shall be liable to indictment in the Franklin Circuit Court, and fined not less than one hundred dollars nor more than five hundred dollars for each offense, and it shall be the duty of the Auditor of Public Accounts to report to the grand jury of Franklin county at the next term of said court after such failure to report, the name of such sheriff or collector so failing to report. The sheriff or collector shall be required by

the Auditor of Public Accounts to pay a penalty of six per centum on all taxes collected and unpaid by him on the 31st day of December in each year. The Auditor of Public Accounts, in his settlement with the sheriff or collector, shall charge him with the penalties accruing under the provisions of this act.

§ 16. Sheriff not to be interested in public works nor buy claims—Penalty—No sheriff or collector shall be concerned or interested, directly or indirectly, in the construction of any public works or improvements made or undertaken, in which the county or State shall be directly or indirectly interested, or on which he may be required to pay money, nor speculate in any claim against the State or county. Any sheriff or collector violating the provisions of this section shall be guilty of a misdemeanor, and, on conviction, shall be fined a sum not less than five hundred dollars and not more than two thousand dollars for each offense.

§ 17. Misapplication of funds collected—Penalty—It shall be unlawful for any sheriff or collector to apply or use any money received by him for any purpose than that for which such money shall have been paid or collected; every such application shall be deemed a misdemeanor, and, on conviction, the sheriff or collector shall be fined not less than one hundred nor more than five hundred dollars for each offense.

§ 18. Sheriffs' settlements—Exceptions to—Appeal from judgment on—Each sheriff or collector shall, when required by the fiscal court, settle his accounts of county or district taxes, and at the regular October term of each year the fiscal court shall appoint some competent person other than the Commonwealth's or county attorneys to settle the accounts of the sheriff or collector of money due the county or district. The report of such settlement shall be filed in the county clerk's office, and be subject to exceptions by the sheriff or collector or county attorney, who shall represent the Commonwealth and county, and the county court shall try and determine such exceptions. An appeal may be prosecuted by either party from the judgment of the county court on such settlement, in the same manner as provided by law for appeals from judgments of the quarterly court, except that the county attorney shall not be required to give an appeal bond, or actions may be instituted in any court of competent jurisdiction to correct the

settlement; and the settlement, when approved, shall be recorded in the county clerk's office.

§ 19. **Reports to county of taxes collected**—The sheriff or collector of the State and county revenue of each county of this Commonwealth shall, on the first day of May, June, July, August, September, October, November and December in each year, report under oath to the county court of his county the amount of State and county taxes he has collected, together with all fines, forfeitures or money, or any other account that shall have been received or collected by him showing in said report the amount collected for and belonging to each particular fund, for which such revenue or money may be intended, and the disposition of such revenue or money collected by him. Said report shall be filed and recorded in a separate book furnished by the county clerk for that purpose, which shall be open for inspection in the office of the county clerk. Any sheriff or collector who shall fail to report as herein required shall be liable to indictment in the county of his residence, and fined not less than one hundred dollars nor more than five hundred dollars for each offense.

§ 20. **Taxes when due**—Interest and penalty—All State, county and district taxes, except as otherwise specially provided, shall be due and payable on and after the first day of June after the assessment, and all taxpayers whose taxes are not paid on the first day of December after the same are due shall be deemed delinquent, and such taxes shall bear interest at the rate of six per cent. per annum from the first day of December after they are due until paid; and any person or persons failing to pay their taxes by the first day of December in the year following the assessment for such taxes, shall pay a penalty of six per centum additional on the taxes due and unpaid. The sheriff or collector whose duty it is to receive or collect the taxes shall collect the interest and penalty and account for the same in the same way in which they are required to collect and account for the taxes.

§ 21. **Sheriff to record payments in assessment roll**—The sheriff must mark the date of payment of any tax in the assessment book opposite the name of the person paying.

§ 22. **Tax receipt**—The sheriff must give a receipt to the person paying any tax, specifying the property against which the tax was assessed, the amount of the assessment and the amount paid.

§ 23. **Form of tax receipt**—The Auditor of Public Accounts shall prescribe the form of the receipts to be given to taxpayers by the sheriff and they shall be uniform each year throughout the State, and distinguished from year to year by difference in color or design, and shall plainly show the year for which the taxes have been paid and the county in which paid. *Provided*, that the tax receipts to be used by the sheriff for the payment of local taxes only on property assessed by the State Tax Commission, the State tax on which is to be paid directly to the State, shall be different in form and color from those for the taxes on other property on which both State and local taxes are collected.

All tax receipts and the stubs thereof shall be numbered consecutively, and charged to the sheriff by said numbers and he shall return to the Auditor of Public Accounts and be credited therewith, all tax receipts not issued at the time that he makes his final settlement with the Auditor. He shall, however, retain the stubs thereto as part of his office records.

§ 24. **Payment of taxes on single parcels of real estate**—The taxes on any particular lot, piece or parcel of land contained in any assessment may be paid separately from the whole assessment, if such lot, piece or parcel has a separate valuation in the assessment roll. The sheriff shall make an entry on the margin of the assessment book, showing what certain property has been released by the payment of the taxes as herein provided, together with the amount of such taxes specifically set forth.

Joint owner paying tax has lien—When land owned by two or more persons shall be assessed conjointly, and any one or more of them shall not pay their portion of the tax, any such owner paying the whole tax, or who shall redeem the whole tract after it has been sold for delinquent taxes, shall have a lien on the delinquent's portion for the tax justly owing by such delinquent, and may sue for and recover the same.

Court authorized to apportion assessment—When two or more persons own land which has been assessed as one tract, any one, or more of them, after partition of the same, and upon ten days' notice to the other owners, may make application to the county court of said county for an apportionment of the assessment; and the said court is hereby authorized to apportion the assessment among the owners according to the value of their respective in-

terests, as shown by the proof introduced by them. If the delinquent taxes are due on said land, any one or more of said owners may have his portion released therefrom by paying to the officers to whom such delinquent taxes are payable his pro rata share thereof, as ascertained by the judgment of apportionment, and said judgment shall be final, unless an appeal therefrom to the circuit court, which is hereby given jurisdiction, be prosecuted within sixty days from the rendition of the same.

§ 25. **Assessment roll sole warrant for collection of taxes**—The assessment roll shall constitute the sole warrant for collecting taxes and shall be a sufficient warrant for enforced collection. Any sheriff or other person receiving any money tendered in payment of taxes, except as hereinafter in this act provided, when such taxes are not charged on the assessment roll, shall be guilty of a felony, and on conviction thereof shall be confined in the penitentiary for one year. The money so collected shall be recovered under his bond. *Provided*, however, that whenever, in the performance of his duties, the sheriff shall discover any property subject to taxation that has been omitted from the assessment roll, it shall be his duty to immediately report the property with a description thereof to the county clerk. The county clerk shall at once apply to the county court for an order to assess the property, and on the issuance of the order shall immediately enter the property in the roll with a valuation and assessment against it, to be approved by the court, as nearly as may be in conformity to the value and assessment of other similar property, and shall extend the taxes against it. The sheriff shall then collect the taxes. If the person whose property has been assessed in this manner shall be dissatisfied with the valuation placed thereon by the clerk and by the county court, he shall pay the taxes to the sheriff under protest, and having done so may appeal to the State Tax Commission, and the Commission shall fix the value. Pending decision of the appeal, the sheriff shall hold the taxes paid under protest and shall adjust the amount to conform to the decision. If the omitted property be property which the owner failed to list in the statement which taxpayers are required to file with the district tax commissioner the making of an appeal either to the county court or to the State Tax Commission shall not work any postponement of the application of delinquency penalties. But

in all other cases no penalties for delinquency shall apply until ten days after the appeal shall have been decided.

§ 26. **Sheriff's commissions**—The sheriffs or tax collectors shall be allowed by the Auditor of Public Accounts the following commissions upon the sums collected or accounted for or paid into the State Treasury in each year: Upon the first five thousand (\$5,000) dollars, ten per centum, and upon the residue four per centum. There is hereby appropriated for each year out of any money in the State Treasury not otherwise appropriated, the sums necessary to pay the above commissions, on the Commonwealth's share of the taxes. He shall be allowed by the treasurer of the county ten per centum upon the first five thousand (\$5,000) dollars of the county revenue collected and four per centum upon the residue. *Provided*, That, in no case shall the aggregate annual compensation of the sheriff for all official services exceed five thousand (\$5,000) dollars, independent of the compensation of legally authorized deputies and assistants. *Provided*, further, that in case any city arranges for the collection of city taxes by the sheriff on the basis of the county assessment rolls, the compensation therefor shall not exceed two per centum of the taxes so collected.

Before the county treasurer, any city treasurer or auditor shall allow the commissions provided for in this section, he shall certify to the Auditor of Public Accounts the amounts to be allowed, at the rates provided for in this section, and the Auditor of Public Accounts shall certify back to the county or city treasurers the amounts which shall be paid. In case the fees or commissions allowed under this section, at the rates herein provided for, exceed five thousand dollars (\$5,000), the amount to be allowed by the counties, the amount to be allowed by the cities, and the amount to be allowed by the Commonwealth, in the aggregate of five thousand dollars (\$5,000) shall be divided in proportion as the commissions on the county taxes, State taxes and the city taxes bear to the total commissions so computed.

It shall be the duty of the Auditor of Public Accounts to ascertain and determine that the aggregate commission shall not exceed five thousand dollars (\$5,000).

§ 27. **Tax to operate as judgment**—Every tax has the effect of a judgment against the person, and every lien created by this act

has the force and effect of an execution duly levied against all the property of the delinquent; the judgment is not satisfied nor the lien removed until the taxes are paid or the property sold for the payment thereof.

§ 28. **Tax on personal property a lien on real estate**—Every tax due upon personal property is a lien upon the real property of the owner thereof from and after the first day of September in each year. Every tax due upon real property is a lien against the property assessed; and every tax due upon improvements on land assessed to some person other than the owner to the land is a lien upon both the land and the improvements, which liens attach as of the first day of September in each year.

Whenever the owner of land shall, in order to protect his title, pay the taxes upon any improvements situated thereon but assessed to some other person than the owner of the land, he shall have a lien upon said improvements equal to the amount of the taxes paid.

§ 29. **Tax collected from persons removing or concealing property**—It shall be the duty of the sheriff or collector who at any time has reasonable grounds to believe and does believe that any person from whom a tax is due is about to remove his property from the State, county or taxing district or to conceal the same, to immediately collect said taxes as hereinafter provided for the collection of taxes, costs and penalties of delinquent taxpayers.

§ 30. **Secured taxes not to be collected by summary process**—Taxes which, in the opinion of the sheriff, are a lien on real estate of an amount sufficient to secure the full payment thereof with penalties and costs if the tax should become delinquent shall not be collected by distraint and sale nor by attachment as provided for in subdivision three of this article. But all other taxes shall, if payment be refused under section twenty-nine immediately above, or if they become delinquent, be collected by distraint and sale or by attachment. As soon as any taxpayer becomes delinquent, the sheriff or the collector of the county where the property is liable shall distrain sufficient personal property of such delinquent, if found in the county, to satisfy all taxes, interest and penalties due. If a sufficient amount of personal property be not found, then he will levy on a sufficient quantity of the delinquent's land for that purpose. But if no land be found belonging to the delin-

quent, the sheriff shall levy on any real estate owned by the delinquent at the time of assessment for the taxes or a sufficient amount to satisfy the taxes, cost, and penalties due. If the sheriff makes illegal or unreasonable seizure and levy for taxes, he shall be liable in damages to the party aggrieved. A sheriff or tax collector shall sell for cash any property belonging to the delinquent taxpayer so levied upon or as much thereof as will pay the taxes due, penalties, interest and cost and his commission, in the same manner that property is sold under execution, except that the land shall not be valued, and shall be advertised by posting, for fifteen days before the sale, a written or printed notice at the courthouse door, and by publication once a week for four consecutive weeks prior to the day of sale in a newspaper of general circulation, if there be one in the county; if not, then by printed hand bills posted for fifteen days before the sale at the courthouse door and in three or more conspicuous places in the taxing district; and he shall, not less than fifteen days before the sale, mail to the delinquent a postal card addressed to his place of residence or place of business, if such can be ascertained, notifying him of the time and place of sale; and in order to cover the cost of such advertisement and notification, the sheriff or collector shall have one dollar for each person whose property is advertised, to be paid by the delinquent, but in no event to be paid by the State, county or taxing district.

SUBDIVISION II.

Collection of Taxes by Attachment.

§ 1. **Collection of taxes—Sheriff to give notice**—If the sheriff, his deputy or other persons having revenue, county levy or other taxes of any character, or other public dues, not secured by real estate, in his hands for collection, believes another person to be indebted in money or property to the person owing taxes or public dues, and believes he cannot otherwise collect the tax, he shall deliver, or cause to be delivered, to the person owing the taxes or public dues, and to the person owing him, anywhere he may be found, written notice in substance as follows: "Mr. A. B., the taxes due by C. D amount to the sum of \$-----, ----- cents. To that extent you are notified not to pay or deliver to him any money or property which you now owe, or may hereafter be

indebted to him, and to appear before the county court of ----- county, on the first day of its term, to show cause why you should not be adjudged to pay said taxes. This ----- day of -----, nineteen -----

-----, Sheriff.

§ 2. **Effect of notice—Trial judgment—Sale of property**—This notice shall be signed by the sheriff, his deputy or by the collector, and shall operate to enjoin the person named in it from paying the amount mentioned in the notice, money, property, notes, accounts and other things of value, owing at the time of the service of the notice, or accruing thereafter, until the matter is heard by the county court. On the hearing by the county court, the debtor of the delinquent shall be compelled to disclose, in open court, all matters of account and indebtedness, whether of money, property or labor, owing at the date of the notice, or incurred thereafter. The court shall direct the said debtor to pay or deliver to the sheriff or collector any money, property or other thing then, or at the time notice was served, due said delinquent, or to the extent of such taxes and costs, or to the extent of his liability, including such as accrued after notice, though paid or discharged; and, if it be property, the sheriff shall sell the same, after advertising by handbill posted at the courthouse door for ten days. If the person so indebted to the person owing taxes fail to attend, or fail to make disclosure, the court shall render judgment against them for all the taxes.

§ 3. **Delinquent not released until tax paid**—The person owing taxes shall not be discharged from liability for them until they are fully paid, or the amount realized under the proceedings aforesaid.

§ 4. **Notice may include all persons indebted**—All persons indebted to the person owing taxes may be included in the same notice, though residing out of the county of the sheriff or collector.

§ 5. **Docket—How made out—Parties**—The proceeding shall be docketed in the name of the Commonwealth and, if necessary, to the interest of the Commonwealth, the court may cause other parties to be brought in before it, and be made party to the proceedings.

§ 6. **Judgment—Defenses**—The court may hear evidence, and, in its judgment, shall provide for the payment of the State rev-

enue, the county levy due, and, if there be other taxes due the court shall direct the payment thereof: *Provided*, That the delinquent shall have the right to defend by showing, first, that the property has never been assessed, but it shall not be sufficient to show a defective assessment merely; second, that the property is not subject to taxation; third, that the taxes have been paid.

SUBDIVISION III.

Collection of Taxes Assessed on the State Assessment Roll.

§ 1. **Certain taxes to be paid to State Treasurer**—All taxes assessed on the State assessment roll shall be paid directly to the State Treasurer.

§ 2. **Notice to State taxpayers**—The Auditor of Public Accounts shall each year during the month of January next following the assessment send to each company or person, whose property is assessed on the State assessment roll, an order setting forth the amount of the assessment and the amount of the taxes due and payable and directing the taxpayer to pay the amount to the State Treasurer.

§ 3. **State Treasurer to receipt for taxes**—The State Treasurer upon receipt of any taxes shall send the taxpayer a receipt therefor, and shall send the Auditor of Public Accounts each day a statement showing the amounts paid and by whom, and the Auditor shall mark them paid on the State assessment roll with the date of payment.

§ 4. **State taxes due when**—All of such taxes shall be due and payable on February first next following the assessment and shall be delinquent June first next thereafter, and on that date the same penalties shall attach as are provided for other taxes.

§ 5. **Injunction not to issue against State**—No injunction shall ever issue in any suit, action or proceeding in any court against the Commonwealth or against any officer thereof to prevent or enjoin the collection of any taxes levied under the provisions of this act relating to property assessed on the State assessment roll; but after payment of the taxes, action may be maintained to recover any tax illegally collected in the manner provided in the next section hereto.

§ 6. **Companies may sue to recover—How, when**—Any company or person claiming to be injured or aggrieved by the assessment of property made by the State Tax Commission may, after

having duly presented its or his objections before the Commission as provided for in section five of subdivision three of article three of this act, but not if he has failed or neglected so to do, bring action against the State Treasurer for the recovery of any taxes, penalties or costs paid on such assessment. But no such action shall be brought later than six months after the day on which the taxes were due, nor unless such company or person shall have paid the taxes and shall have, on paying the taxes, filed with the Auditor of Public Accounts a written protest, stating whether the whole assessment is claimed to be void, or if a part only, what part, and the grounds upon which such claim is founded; and when so paid under protest, the payment shall in no case be regarded as voluntary. Whenever under the provisions of this section an action is commenced against the State Treasurer, it shall be instituted in the Franklin Circuit Court. The Attorney General shall defend the action. The provisions of the code as to pleadings, proofs, trials and appeals are applicable to the proceedings herein provided for. A failure to begin such action within the time herein specified shall be a bar against the recovery of such taxes.

ARTICLE VII.

COLLECTION OF DELINQUENT TAXES.

SUBDIVISION I.

Delinquent Taxes—General Procedure.

§ 1. **Publication of delinquent tax list**—Within fifteen days after the day on which the unpaid taxes become delinquent the sheriff shall publish the delinquent list. The delinquent list shall contain the names of the delinquent taxpayers in alphabetical order, a description of the delinquent property and the amount of all the taxes, penalties and costs due opposite each name and description of property. For defraying the cost of publication and of preparing the list, there shall be a charge for costs against each delinquent taxpayer of fifty cents on each assessment and another fifty cents on each one hundred dollars, or fraction thereof, of de-

linquent taxes. When collected these charges for costs shall be paid into the county treasury and from that treasury, by order of the county court, there shall be paid the sheriff's expenses in preparing the delinquent list and publishing it.

§ 2. **Notice of sale**—The sheriff shall append to the delinquent list a notice stating that if the taxes, penalties and costs thereon indicated are not paid within twenty-one days after the date of publication, the property upon which the taxes are a lien will be sold for taxes.

§ 3. **Publication where**—The publication must be made once a week for three successive weeks in some newspaper, or supplement thereto, published in the county, or if no newspaper be published in the county, then either in some newspaper of general circulation in the county and by posting either the printed or the written list at the county courthouse door. The publication shall be with the lowest bidder after ten days' notice of intention to publish, and bids must be by sealed proposals.

§ 4. **Time and place of sale**—The publication must designate the day and hour when the property will by operation of law be sold for taxes, which must not be less than twenty-one nor more than twenty-eight days after the date of publication. The place of sale shall be the sheriff's office. The sale shall date as of January first in each year, even though actually held at a later date, but no additional penalties, interest or costs shall be required to be paid if the delinquent taxes, the first penalties, and the first costs are paid before the actual sale.

§ 5. **Copy of delinquent list sent to Auditor and Commission**—The sheriff shall file a copy of the publication with the county clerk, send a second copy to the Auditor of Public Accounts, and a third copy to the State Tax Commission, with an affidavit attached to each stating that it is a true copy, that the publication was made as required by law, and how the publication was made. This affidavit shall be primary evidence of all the facts stated therein. The county clerk shall enter in the assessment roll the penalties and costs against each piece of delinquent property, and shall charge the sheriff with the same.

§ 6. **Procedure of the sale**—On the day and hour fixed for the sale all property upon which the taxes are delinquent, or upon which any part of the taxes, penalties and costs have not been

paid shall, by operation of law and by declaration of the sheriff, be sold to the Commonwealth. The sheriff shall make an entry "sold to the Commonwealth" on the assessment roll opposite each original entry of the property, the taxes upon which are delinquent, and shall enter the date of sale. He shall be credited by the county clerk, in his settlement, with the amount of the taxes, penalties and costs on the property so sold.

Redemption before sale—At any time before the hour of the sale any person may pay the taxes, penalties and costs due, and the tax lien shall be thereby relieved. But the payment of the taxes by any person other than the owner or the person rightfully in control of the property, or other than one having a legal claim or interest therein, shall not create any new lien on the property. But any mortgagee, or other person having a legal claim to or interest in the property may pay the taxes to protect his rights. and having done so, may add the amount thereof to his claim. Furthermore, whenever the original taxes amount to the sum of three hundred dollars or more, the sale of the property to the Commonwealth shall not prevent the bringing of suit to recover the taxes and penalties as elsewhere in this act provided.

§ 7. Notice to Auditor and Commission—Immediately on completion of the sale, the sheriff shall transmit to the Auditor of Public Accounts and to the State Tax Commission a complete statement with description of all property sold to the Commonwealth for non-payment of taxes. The statement shall be in such form as the Auditor of Public Accounts shall prescribe, and shall contain a description of the property sufficient to identify it for purpose of conveyance. It shall also state the amount of taxes, penalties, and costs for which the property was sold.

§ 8. Investigation of cause of delinquency and state of property—Immediately upon receipt of the list of property sold to the Commonwealth for delinquent taxes, the State Tax Commission shall direct the district tax commissioner of any county in which any such property is located to investigate and report on the cause of the delinquency, and to search out, if possible, some person having a legal interest in the property and notify such person of the fact of the sale and of his rights of redemption, and shall take such other steps as in its opinion are likely to bring about the payment of the taxes to the end that the public revenue shall not

be impaired. If the property be found to be vacant and unused, the original owner unknown, absent, or unable to pay, the Commission may authorize the county court to lease the property to any responsible tenant, who shall pay as rental an amount not less than the annual taxes thereafter levied and assessed.

§ 9. Five years for redemption—All property sold to the Commonwealth for non-payment of taxes shall be subject to redemption at any time within five years after the day of sale, which for the purpose of convenience and uniformity in reckoning the period of five years and of computing the interest and additional penalties shall be taken to be January first in each year. Redemption may be made by payment into the county treasury, for the use and benefit of the Commonwealth, the county and other taxing districts where taxes were not paid, of all sums due, including the additional penalties and charges hereinafter provided.

Additional penalties—In addition to the original taxes, penalties, and costs, the person redeeming the property must pay the following charges and penalties: (1) interest at the rate of six per cent. compounding annually on the entire amount of taxes, penalties, and costs for non-payment of which the property was sold; (2) penalties at the rate of ten per cent. for each year or fraction thereof elapsing before redemption, reckoned upon the original amount of taxes, penalties and costs, for non-payment of which the property was sold.

Division of money recovered—The money received from redemption of delinquent property shall be divided by paying to the Commonwealth its share of the taxes and that proportion of the penalties and interest which its taxes bear to the whole, and by paying to the county and each other taxing district in like manner its taxes and its proportion of the interest and penalties. The costs shall remain in the county treasury. The county clerk shall on presentation of the tax receipt or on written notice by the sheriff, enter in the assessment roll the fact of redemption, the amount paid, and the date of redemption.

§ 10. Property to be assessed each year—So long as the right of redemption runs, the property sold to the Commonwealth for non-payment of taxes shall be assessed each year in the name of the last owner of record in the same manner as other property is assessed. But under the name of the person to whom the prop-

erty is assessed shall be entered the words "sold to the Commonwealth January first -----," with the year of sale, or if sold more than once, the years of such sales. The sheriff shall, when accepting the taxes in any subsequent year on property sold for taxes, call the attention of the person so paying to the existing delinquent taxes, penalties and costs unpaid. Should any property not redeemed again become delinquent during the five years after sale, it shall be again sold to the Commonwealth in the same manner as in the first year, and the taxes, penalties and costs for each subsequent delinquency shall run against the property, as well as the original ones.

§ 11. **Deed to the Commonwealth**—If any property sold to the Commonwealth be not redeemed within five years from the date of sale to the Commonwealth, the sheriff or his successor in office, must make to the Commonwealth a deed to the property.

This deed shall be in substance and may be in form as follows:

This INDENTURE, made the ----- day of ----- in the year of our Lord nineteen hundred and -----, between -----, sheriff of the county of -----, in the State of Kentucky, party of the first part, and the Commonwealth of Kentucky, party of the second part. Witnesseth:

THAT WHEREAS, the real property hereinafter described was duly assessed for taxation, or became subject to a lien for taxes duly levied and assessed, in the year nineteen hundred and -----, and was assessed in the name of ----- (stating the name on the assessment roll), and was thereafter on the ----- day of ----- in the year nineteen hundred and -----, duly sold to the Commonwealth of Kentucky by -----, sheriff of the county of -----, for non-payment of delinquent taxes which had been legally levied in the year nineteen hundred and ----- and were a lien on the real property, the total amount for which the same was sold being ----- dollars ----- cents.

AND WHEREAS, a period of five years has elapsed since said sale and no person has redeemed the property.

NOW, THEREFORE, the party of the first part in consideration of the premises, and in pursuance of the statute in

such case made and provided, does hereby grant, convey and transfer to the party of the second part that certain real property in the county of -----, State of Kentucky, more particularly described as follows, to-wit:

IN WITNESS WHEREOF said party of the first part has hereunto set his hand and name of his office on the day and year first above written.

-----,

Sheriff of the county of -----.

No charge shall be made by the sheriff for making any such deed and the acknowledgments of such deeds shall be taken by the county clerk free of charge.

All such deeds shall be recorded in the office of the county clerk of the county where the property is situated and the clerk shall make no charge for recording the same.

The Auditor of Public Accounts shall furnish the blank forms for the deeds.

The deed being duly recorded shall be at once forwarded to the Auditor of Public Accounts by the clerk and the Auditor shall acknowledge the receipt of same.

A deed to the Commonwealth having once been issued, no further deed need be made for any subsequent delinquency incurred during the five-year period.

Such deed shall convey to the Commonwealth the fee simple to the real estate, and no mortgage or other interest in or claim to the property shall be valid as against the Commonwealth.

The right of redemption shall cease and determine with the issuance of the above deed. Property deeded to the Commonwealth shall not be assessed while the title still rests in the Commonwealth.

§ 12. No injunction to issue against collection of tax—Suit when—No action or proceeding shall be commenced or instituted

in any court in this State to enjoin the sale of property for taxes, or to enjoin the collection of any taxes, or for the recovery of any property sold for taxes, or for the recovery of any taxes when paid, unless the plaintiff therein shall have himself complied with the law, and shall have first exhausted all his remedies by complaining to the board of supervisors, and appealing to the State Tax Commission and otherwise as in this act provided, nor unless he shall have paid the taxes in full and at the time of payment shall have filed with the sheriff or tax collector a written protest stating the grounds of complaint. Such suit must be brought within sixty days after payment of the taxes.

§ 13. Commission to have custody—The State Tax Commission shall have custody of and shall administer and superintend all property acquired by the Commonwealth for non-payment of taxes. The Auditor of Public Accounts shall, whenever a deed has been received conveying property to the Commonwealth for non-payment of taxes, at once send the State Tax Commission a copy thereof. The Commission shall, on receipt of the copy of the deed, make diligent inquiry through the district tax commissioner as to the condition of the property, its probable value, the reasons for the delinquency having been incurred and continued, if such can be determined, the state of the improvements thereon, and particularly whether there are any trespassers living on or using the property, and all other facts necessary to determine how the property can best be protected and conserved and when and how it may best be sold to the advantage of the Commonwealth and the recovery of the unpaid taxes. It may, if it deems it wise, lease the property pending the sales hereinafter provided for. The rentals shall be paid to the State Treasurer on order of the Auditor of Public Accounts and shall be for the use and benefit of the Commonwealth. The Commission shall take steps to evict any trespassers and to have them punished, by forcible entry and detainer proceedings as provided in the civil code of practice.

§ 14. Sale of property deeded to the Commonwealth—The State Tax Commission shall fix a price at which the property may be sold to the first comer at any time within six months after the issue of the deed to the Commonwealth, but such price shall not be less than the assessed value of the property. It shall publish the offer to sell and the price in the same manner as the delinquent

list is published. Offers to purchase shall be made to the county court. The first comer willing and able to pay the price fixed by the Commission shall be entitled to a deed: (1) on payment into the county treasury of the price so fixed for the use and benefit of the Commonwealth; or (2) on payment in cash of an amount equal to all taxes, penalties and costs due and the filing of a bond with the county court with sureties to cover the balance due and binding the would-be purchaser and his sureties to pay the balance within six months of the filing of the bond.

§ 15. **Sale by auction**—If no purchaser shall appear within six months from the date of issuance of the deed to the Commonwealth who is willing and able to pay the price fixed by the State Tax Commission as evidence in the manner provided in section fourteen immediately above, the Commission shall within ten days fix a day and place at which the property shall be sold at public auction to the highest bidder. It shall also fix a minimum, or upset price, which shall be the minimum bid to be considered, and which shall not be less than the total amount of taxes, penalties and costs accumulated and due, including all taxes assessed and unpaid during the five years allowed for redemption. If no bid be made at the auction, from a responsible bidder able to pay the amount bid, equal to or in excess of the minimum or upset price, the Commission shall order a new sale at public auction within the next six months, and at that time the property shall be sold to the highest bidder. The sheriff shall conduct all such auctions and shall be allowed a fee of one and one-half dollars for each piece of property offered for sale, and a commission of five per cent. on the excess received over the amount of taxes, penalties, and costs. Deeds shall be issued and signed by the Auditor of Public Accounts.

§ 16. **Division of the proceeds**—Out of any money received from the sale of any property deeded to the Commonwealth for non-payment of taxes there shall first be paid to the county all costs of sale and of advertising the delinquency, then to the State, to the county, or to any other taxing district, their respective taxes, together with a proportion of the penalties equal to the proportion of the share of each in the total taxes; then the excess, if any, shall be paid to the Commonwealth. If the amount received be not sufficient to pay all taxes, penalties and costs, there shall first

be paid the costs, and the remainder shall be divided, as nearly as may be, in proportion to each division of government's share in the taxes. The Auditor of Public Accounts shall make the apportionment provided for in this section.

§ 17. **Fiscal court may move to recover taxes**—The county attorney of any county, in which any property may in the first instance go delinquent and be sold to the Commonwealth for non-payment of taxes, may of his own initiative search out the owner, mortgagee or other person having a legal interest in the property, and endeavor to bring about the redemption of the property. He may also, after the deed to the Commonwealth has been made, by advertisement or otherwise, call attention to the proposed sale under the authority of the State Tax Commission and endeavor to find a purchaser, all to the end that the State, county and other revenues shall be unimpaired. He shall receive as compensation for his services, twenty per cent. of any moneys recovered directly by his efforts.

§ 18. **Taxes over \$300 to be recovered by action**—Each year after the delinquent tax list has been prepared and before the date set for selling the property to the Commonwealth, the district tax commissioner, the sheriff, and the county attorney shall examine the list and make a note of all cases in which the taxes against any one delinquent taxpayer, whether on a single assessment or on several, amount in the aggregate to three hundred dollars or more. The same officers shall then confer as to the probability of the successful collection of any of these taxes by action if they be not paid before the date of sale to the Commonwealth. If two or more of them agree that any such delinquent taxpayer has property anywhere within the jurisdiction of the Commonwealth of any kind sufficient in their opinion to cover the taxes, penalties and costs, they shall direct the sheriff to notify the Auditor of Public Accounts that in the opinion of the three conferees an action to recover these taxes would probably prove successful and shall send him a certified copy of the entries in the assessment roll and in the delinquent list and of all other records and actions relative to these assessments and taxes. The Auditor of Public Accounts shall thereupon direct the county attorney to bring suit against the delinquent to enforce collection of all State, county or other taxing district taxes. The provisions of the code relating to pleadings,

proofs, trials and appeals are hereby made applicable to the proceedings herein provided for. The moneys collected by action shall be divided and distributed in the manner provided in section sixteen of this subdivision.

The Auditor of Public Accounts shall, however, with the advice and consent of the State Tax Commission, have power to reverse the action of the three conferees and to direct that no suit be brought. In that event, the collection of the taxes shall take the usual course.

SUBDIVISION II.

Collection of Delinquent Taxes on the State Assessment Roll.

§ 1. **Taxes when delinquent**—At the close of business on June first in each year all taxes appearing unpaid on the State assessment roll are delinquent. Thereupon the same penalties shall attach as attach in the case of other taxes.

The taxes levied under the provisions of this act shall constitute a lien upon the property and franchises of every kind and nature belonging to the companies subject to taxation on the State assessment roll, and that lien shall attach on the first Monday in March of each year. Every tax herein provided for has the effect of a judgment against the company, and every lien created by this act has the effect of an execution duly levied against all property of the delinquent; the judgment is not satisfied nor the lien removed until all such taxes, penalties and costs are paid, or the property sold for the payment thereof.

§ 2. **Proclamation of delinquency**—The Auditor of Public Accounts shall prepare a list of delinquent taxpayers and shall certify the same to the Governor, who shall issue his proclamation, declaring these taxpayers delinquent. The proclamation shall be published by the Secretary of State once each week for three successive weeks in a daily newspaper of general circulation, published at the State Capital, and in one paper of general circulation published in Louisville, and in one of general circulation published in Lexington. The proclamation shall recite the fact that if these taxes are not paid on or before February first next thereafter action will be commenced to recover the taxes, and

shall recite the additional charges and penalties which will be incurred. A charge of fifty cents for each assessment shall be added to the amount due to cover cost of publishing the delinquent list.

§ 3. **Attorney General to file suits**—As soon as possible after July first in each year, the Attorney General shall file suits in the Circuit Court of Franklin County against all companies then appearing delinquent, as defendants to recover the amount due the State. Suit shall be brought for the amount of the taxes, penalties and costs due, with interest at six per cent. per annum on the entire amount from the first day of June last preceding, together with the following costs: Five dollars for each suit brought, together with the actual costs of action to be allowed by the court. The provisions of the code relating to pleadings, proofs, trials and appeals are hereby made applicable to the proceedings herein provided for, and writ of attachments may be issued.

Receivers may be appointed—In the case of public utility companies, the seizure and sale of whose property might result in damage or inconvenience to the public by stoppage of the service, receivers may be appointed by the court to collect the income of such companies until the amount of the judgment be recovered. The State assessment roll shall be prima facie evidence of the amount of the taxes due, and of the validity of the assessment. Invalidity of the assessment cannot be pleaded as a defense in such actions, inasmuch as another remedy has been hereinbefore in this act provided for persons claiming to be aggrieved or injured by the assessments.

ARTICLE VIII.

BONDS OF OFFICERS—PENALTIES THEREUNDER.

§ 1. **Bonds of officers—Bind to what**—The bonds of all officers mentioned in this act shall bind them and their sureties for the faithful performance of their duties and for all moneys which shall come to their hands by virtue or color of their offices, and the strict accounting of all moneys due by them to the State, or other taxing districts, and for the correctness of all amounts claimed and collected by them as commissions or compensation for their services.

§ 2. **Penalty—How enforced—**Whenever any penalty is provided for in this act it may, unless otherwise especially stated, be enforced either by indictment in the circuit court of the county or by action in any court having competent jurisdiction.

§ 3. **Penalty when not prescribed—**When no other penalty is mentioned for a failure to do an act or the doing of an act forbidden or required by this act, the penalty in all such cases shall not be less than ten nor more than five hundred dollars.

§ 4. **Officer not to retain fee—**No officer named in this act shall retain any part of the compensation allowed his deputy or deputies longer than thirty days. Any officer violating the provisions of this section shall be deemed guilty of a misdemeanor, and, on conviction, be fined not less than five hundred dollars for each offense.

§ 5. **Penalties for failure of duty by deputy tax commissioner—**The deputy tax commissioner shall, for any failure of his duty under the law, where no other penalty is provided, be fined in any sum not less than twenty-five dollars nor more than fifty dollars.

§ 6. **Remedy for non-performance of duty by officer—**Anyone injured by failure in or the improper performance of the duties of the deputy tax commissioner or sheriff, shall have a remedy on his official bond, and the criterion of his recovery shall be the value of the property lost by reason of such failure. No such action shall be maintained unless such persons shall allege and prove that he made diligent efforts to have such property assessed, and offered to pay the taxes thereon, and on all other real property of his liable to assessment.

§ 7. **Clerk failing to pay redemption money—Penalty—**If any clerk shall fail to pay the redemption money to the person entitled thereto upon demand, he and his sureties shall be liable for the same and twenty per cent. interest thereon annually from the time he received it until paid.

§ 8. **Selling twice—Penalty—**If any sheriff or collector shall knowingly sell the same tract or parcel of land, or any personal property, more than once for the same tax, he shall be fined one hundred dollars, and be liable upon his official bond for all damages which may be sustained by any party aggrieved.

§ 9. **County attorney to prosecute—**The county attorney shall prosecute under the preceding sections, and he shall receive for his services twenty-five per cent. of the fine recovered.

APPENDIX

**TABLES RELATING TO STATE
AND COUNTY TAXATION
BY COUNTIES**

Total Assessments. State and
County Tax Rates, Ratio of
Assessed to True Value of
Farm Lands, and Rates of
Taxes to True Value.

STATE AT LARGE.

Total Assessment Roll, 1912—\$840,479,194

Estimated Average State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	25,715,840 acres
Land assessed in tracts.....	23,791,526 acres
Other lands.....	1,924,314 acres
Percentage of land area in farms—86%	
23,791,526 acres in tracts with improvements	
assessed at.....	\$341,895,089 or \$14.37 per acre
22,189,127 acres in farms with improvements,	
census value.....	635,459,372 or 28.64 per acre
Probable ratio of assessed to true value—52%	
Approximate ratio taxes to true value—.62 of 1%	

ADAIR COUNTY.

Total Assessment Roll, 1912—\$2,757,253

State and County Tax Rate—\$1.00 per \$100

Approximate land area.....	256,000 acres
Land assessed in tracts.....	233,876 acres
Other lands.....	22,124 acres
Percentage of land area in farms—88%	
233,876 acres in tracts with improvements,	
assessed at.....	\$1,572,914 or \$ 6.73 per acre
224,910 acres in farms with improvements,	
census value.....	3,271,214 or 14.53 per acre
Probable ratio of assessed to true value—46%	
Approximate ratio taxes to true value—.46 of 1%	

ANDERSON COUNTY.

Total Assessment Roll, 1912—\$3,254,959

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	128,640 acres
Land assessed in tracts.....	122,086 acres
Other lands.....	6,554 acres
Percentage of land area in farms—96%	
122,086 acres in tracts with improvements,	
assessed at.....	\$1,882,750 or \$15.42 per acre
122,273 acres in farms with improvements,	
census value.....	3,751,635 or 30.20 per acre
Probable ratio of assessed to true value—51%	
Approximate ratio taxes to true value—.61 of 1%	

ALLEN COUNTY.

Total Assessment Roll, 1912—\$2,699,433

State and County Tax Rate—\$1.70 per \$100

Approximate land area.....	252,160 acres
Land assessed in tracts.....	199,041 acres
Other lands.....	53,119 acres
Percentage of land area in farms—81%	
199,041 acres in tracts with improvements, assessed at.....	\$1,576,961 or \$ 7.92 per acre
204,681 acres in farms with improvements, census value.....	3,421,135 or 16.70 per acre
Probable ratio of assessed to true value—47%	
Approximate ratio taxes to true value—.80 of 1%	

BALLARD COUNTY.

Total Assessment Roll, 1912—\$3,439,549

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	161,280 acres
Land assessed in tracts.....	147,437 acres
Other lands.....	13,843 acres
Percentage of land area in farms—90%	
147,437 acres in tracts with improvements, assessed at.....	\$2,115,743 or \$14.35 per acre
145,185 acres in farms with improvements, census value.....	5,751,733 or 39.61 per acre
Probable ratio of assessed to true value—36%	
Approximate ratio taxes to true value—.43 of 1%	

BARREN COUNTY.

Total Assessment Roll, 1912—\$5,657,161

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	310,400 acres
Land assessed in tracts.....	288,648 acres
Other lands.....	21,752 acres
Percentage of land area in farms—96%	
288,648 acres in tracts with improvements, assessed at.....	\$3,095,411 or \$10.71 per acre
297,893 acres in farms with improvements, census value.....	9,012,307 or 30.25 per acre
Probable ratio of assessed to true value—35%	
Approximate ratio taxes to true value—.42 of 1%	

BATH COUNTY.

Total Assessment Roll, 1912—\$5,025,302

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	172,800 acres
Land assessed in tracts.....	169,347 acres
Other lands.....	3,453 acres
Percentage of land area in farms—83%	
169,347 acres in tracts with improvements, assessed at.....	\$3,502,234 or \$20.67 per acre
143,130 acres in farms with improvements, census value.....	7,064,622 or 49.36 per acre
Probable ratio of assessed to true value—42%	
Approximate ratio taxes to true value—.50 of 1%	

BELL COUNTY.

Total Assessment Roll, 1912—\$6,109,081

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	245,700 acres
Land assessed in tracts.....	223,812 acres
Other lands.....	21,888 acres
Percentage of land area in farms—40%	
223,812 acres in tracts with improvements, assessed at.....	\$2,327,797 or \$10.40 per acre
97,956 acres in farms with improvements, census value.....	1,760,397 or 17.97 per acre
Probable ratio of assessed to true value—58%	
Approximate ratio taxes to true value—.70 of 1%	

BOONE COUNTY.

Total Assessment Roll, 1912—\$7,041,355

State and County Tax Rate—\$0.90 per \$100

Approximate land area.....	160,640 acres
Land assessed in tracts.....	151,745 acres
Other lands.....	8,895 acres
Percentage of land area in farms—91%	
151,745 acres in tracts with improvements, assessed at.....	\$4,819,497 or \$31.76 per acre
145,693 acres in farms with improvements, census value.....	7,420,427 or 50.93 per acre
Probable ratio of assessed to true value—62%	
Approximate ratio taxes to true value—.56 of 1%	

BOURBON COUNTY.

Total Assessment Roll, 1912—\$16,083,822

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	194,560 acres
Land assessed in tracts.....	183,886 acres
Other lands.....	10,674 acres
Percentage of land area in farms—97%	
183,886 acres in tracts with improvements, assessed at.....	\$10,824,077 or \$58.86 per acre
189,796 acres in farms with improvements, census value.....	19,812,187 or 104.40 per acre
Probable ratio of assessed to true value—56%	
Approximate ratio taxes to true value—.62 of 1%	

BOYD COUNTY.

Total Assessment Roll, 1912—\$8,949,488

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	101,760 acres
Land assessed in tracts.....	88,291 acres
Other lands.....	13,469 acres
Percentage of land area in farms—70%	
88,291 acres in tracts with improvements, assessed at.....	\$1,313,305 or \$14.87 per acre
71,570 acres in farms with improvements, census value.....	1,819,746 or 25.42 per acre
Probable ratio of assessed to true value—58.5%	
Approximate ratio taxes to true value—.70 of 1%	

BOYLE COUNTY.

Total Assessment Roll, 1912—\$9,001,684

State and County Tax Rate—\$0.90 per \$100

Approximate land area.....	119,040 acres
Land assessed in tracts.....	111,635 acres
Other lands.....	7,405 acres
Percentage of land area in farms—93%	
111,635 acres in tracts with improvements, assessed at.....	\$3,869,610 or \$34.66 per acre
110,518 acres in farms with improvements, census value.....	7,787,851 or 70.47 per acre
Probable ratio of assessed to true value—49%	
Approximate ratio taxes to true value—.44 of 1%	

BRACKEN COUNTY.

Total Assessment Roll, 1912—\$3,645,411

State and County Tax Rate—\$1.04 per \$100

Approximate land area.....	130,560 acres
Land assessed in tracts.....	125,534 acres
Other lands.....	5,026 acres
Percentage of land area in farms—94%	
125,534 acres in tracts with improvements, assessed at.....	\$2,346,642 or \$18.69 per acre
122,451 acres in farms with improvements, census value.....	5,492,605 or 44.86 per acre
Probable ratio of assessed to true value—42%	
Approximate ratio taxes to true value—.44 of 1%	

BREATHITT COUNTY.

Total Assessment Roll, 1912—\$2,568,329

State and County Tax Rate (no report) per \$100

Approximate land area.....	309,120 acres
Land assessed in tracts (estimated).....	275,000 acres
Other lands.....	35,000 acres
Percentage of land area in farms—85%	
275,000 acres in tracts with improvements, assessed at.....	\$1,573,306 or \$5.72 per acre
261,943 acres in farms with improvements, census value.....	2,457,403 or 9.38 per acre
Probable ratio of assessed to true value—61%	
Approximate ratio taxes to true value—(no report)	

BRECKENRIDGE COUNTY.

Total Assessment Roll, 1912—\$4,729,419

State and County Tax Rate—\$1.13 per \$100

Approximate land area.....	363,520 acres
Land assessed in tracts.....	325,973 acres
Other lands.....	37,547 acres
Percentage of land area in farms—93%	
325,973 acres in tracts with improvements, assessed at.....	\$2,409,984 or \$ 7.39 per acre
339,369 acres in farms with improvements, census value.....	4,174,672 or 12.30 per acre
Probable ratio of assessed to true value—60%	
Approximate ratio taxes to true value—.68 of 1%	

BULLITT COUNTY.

Total Assessment Roll, 1912—\$3,082,277

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	197,120 acres
Land assessed in tracts.....	177,538 acres
Other lands.....	19,582 acres
Percentage of land area in farms—80%	
177,538 acres in tracts with improvements, assessed at.....	\$1,810,948 or \$10.20 per acre
157,051 acres in farms with improvements, census value.....	3,067,745 or 19.54 per acre
Probable ratio of assessed to true value—52%	
Approximate ratio taxes to true value—.57 of 1%	

BUTLER COUNTY.

Total Assessment Roll, 1912—\$2,758,348

State and County Tax Rate—\$0.90 per \$100

Approximate land area.....	266,880 acres
Land assessed in tracts.....	243,306 acres
Other lands.....	23,574 acres
Percentage of land area in farms—91%	
245,000 (estimated) acres in tracts with improvements, assessed at.....	\$1,733,344 or \$ 7.07 per acre
242,729 acres in farms with improvements, census value.....	2,385,305 or 9.83 per acre
Probable ratio of assessed to true value—72%	
Approximate ratio taxes to true value—.65 of 1%	

CALDWELL COUNTY.

Total Assessment Roll, 1912—\$3,481,563

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	206,080 acres
Land assessed in tracts.....	191,759 acres
Other lands.....	14,321 acres
Percentage of land area in farms—95%	
203,500 acres in tracts with improvements, assessed at.....	\$2,023,747 or \$ 9.94 per acre
195,442 acres in farms with improvements, census value.....	3,037,150 or 15.54 per acre
Probable ratio of assessed to true value—64%	
Approximate ratio taxes to true value—.74 of 1%	

CALLOWAY COUNTY.

Total Assessment Roll, 1912—\$4,945,233

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	263,680 acres
Land assessed in tracts.....	245,977 acres

Other lands.....	17,703 acres
Percentage of land area in farms—92%	
245,977 acres in tracts with improvements, assessed at.....	\$2,871,976 or \$11.66 per acre
241,372 acres in farms with improvements, census value.....	4,938,940 or 20.46 per acre
Probable ratio of assessed to true value—57%	
Approximate ratio taxes to true value—.67 of 1%	

CAMPBELL COUNTY.

Total Assessment Roll, 1912—\$25,146,697

State and County Tax Rate—\$0.81 per \$100

Approximate land area.....	92,800 acres
Land assessed in tracts.....	91,328 acres

Other lands.....	1,472 acres
Percentage of land area in farms—95%	
91,328 acres in tracts with improvements, assessed at.....	\$4,139,086 or \$45.32 per acre
88,274 acres in farms with improvements, census value.....	5,405,172 or 61.23 per acre
Probable ratio of assessed to true value—74%	
Approximate ratio taxes to true value—.60 of 1%	

CARLISLE COUNTY.

Total Assessment Roll, 1912—\$2,800,977

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	126,720 acres
Land assessed in tracts.....	107,793 acres

Other lands.....	18,927 acres
Percentage of land area in farms—82%	
107,793 acres in tracts with improvements, assessed at.....	\$1,823,793 or \$16.93 per acre
103,900 acres in farms with improvements, census value.....	3,936,746 or 37.89 per acre
Probable ratio of assessed to true value—45%	
Approximate ratio taxes to true value—.81 of 1%	

CARROLL COUNTY.

Total Assessment Roll, 1912—\$3,139,103

State and County Tax Rate—\$1.00 per \$100

Approximate land area.....	84,480 acres
Land assessed in tracts.....	80,764 acres
Other lands.....	3,716 acres
Percentage of land area in farms—95%	
80,764 acres in tracts with improvements, assessed at	\$1,717,266 or \$21.26 per acre
80,519 acres in farms with improvements, census value.....	3,447,196 or 42.80 per acre
Probable ratio of assessed to true value—50%	
Approximate ratio taxes to true value—.50 of 1%	

CARTER COUNTY.

Total Assessment Roll, 1912—\$2,559,391

State and County Tax Rate—\$1.70 per \$100

Approximate land area.....	264,320 acres
Land assessed in tracts.....	232,679 acres
Other lands.....	31,641 acres
Percentage of land area in farms—92%	
232,679 acres in tracts with improvements, assessed at	\$1,325,165 or \$ 5.69 per acre
241,751 acres in farms with improvements, census value.....	2,818,860 or 13.60 per acre
Probable ratio of assessed to true value—42%	
Approximate ratio taxes to true value—.71 of 1%	

CASEY COUNTY.

Total Assessment Roll, 1912—\$2,286,181

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	242,560 acres
Land assessed in tracts (estimated).....	230,600 acres
Other lands (estimated).....	12,000 acres
Percentage of land area in farms—92%	
230,600 (estimated) acres in tracts with improvements, assessed at	\$1,567,970 or \$ 6.80 per acre
223,143 acres in farms with improvements, census value.....	2,764,330 or 12.40 per acre
Probable ratio of assessed to true value—55%	
Approximate ratio taxes to true value—.66 of 1%	

CHRISTIAN COUNTY.

Total Assessment Roll, 1912—\$11,704,505

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	464,000 acres
Land assessed in tracts.....	416,305 acres
Other lands.....	47,695 acres
Percentage of land area in farms—90%	
416,305 acres in tracts with improvements, assessed at.....	\$5,933,750 or \$14.25 per acre
417,763 acres in farms with improvements, census value.....	11,203,650 or 26.82 per acre
Probable ratio of assessed to true value—53%	
Approximate ratio taxes to true value—.64 of 1%	

CLARK COUNTY.

Total Assessment Roll, 1912—\$11,592,620

State and County Tax Rate—\$0.90 per \$100

Approximate land area.....	169,600 acres
Land assessed in tracts.....	156,557 acres
Other lands.....	13,043 acres
Percentage of land area in farms—88%	
156,557 acres in tracts with improvements, assessed at.....	\$5,878,700 or \$37.55 per acre
149,935 acres in farms with improvements, census value.....	12,530,590 or 83.57 per acre
Probable ratio of assessed to true value—45%	
Approximate ratio taxes to true value—.41 of 1%	

CLAY COUNTY.

Total Assessment Roll, 1912—\$2,412,461

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	305,920 acres
Land assessed in tracts.....	287,313 acres
Other lands.....	18,607 acres
Percentage of land area in farms—80%	
287,313 acres in tracts with improvements, assessed at.....	\$1,532,110 or \$ 5.33 per acre
244,214 acres in farms with improvements, census value.....	2,322,346 or 9.51 per acre
Probable ratio of assessed to true value—56%	
Approximate ratio taxes to true value—.67 of 1%	

CLINTON COUNTY.

Total Assessment Roll, 1912—\$1,300,434

State and County Tax Rate—\$1.00 per \$100

Approximate land area.....	149,120 acres
Land assessed in tracts.....	120,832 acres
Other lands.....	28,288 acres
Percentage of land area in farms—80%	
120,832 acres in tracts with improvements, assessed at.....	\$ 862,384 or \$ 7.14 per acre
119,926 acres in farms with improvements, census value.....	1,479,081 or 12.33 per acre
Probable ratio of assessed to true value—58%	
Approximate ratio taxes to true value—.58 of 1%	

CRITTENDEN COUNTY.

Total Assessment Roll, 1912—\$3,325,380

State and County Tax Rate—\$1.36 per \$100

Approximate land area.....	250,240 acres
Land assessed in tracts.....	219,654 acres
Other lands.....	30,586 acres
Percentage of land area in farms—86%	
219,654 acres in tracts with improvements, assessed at.....	\$1,755,816 or \$ 7.99 per acre
216,088 acres in farms with improvements, census value.....	2,952,821 or 13.66 per acre
Probable ratio of assessed to true value—58%	
Approximate ratio taxes to true value—.79 of 1%	

CUMBERLAND COUNTY.

Total Assessment Roll, 1912—\$1,915,851

State and County Tax Rate—\$1.03 per \$100

Approximate land area.....	247,680 acres
Land assessed in tracts.....	160,644 acres
Other lands.....	87,036 acres
Percentage of land area in farms—67%	
160,644 acres in tracts with improvements, assessed at.....	\$1,269,018 or \$ 7.90 per acre
164,757 acres in farms, with improvements, census value.....	2,131,169 or 12.94 per acre
Probable ratio of assessed to true value—61%	
Approximate ratio taxes to true value—.63 of 1%	

DAVISS COUNTY.

Total Assessment Roll, 1912—\$17,376,711

State and County Tax Rate—\$1.00 per \$100

Approximate land area.....	305,920 acres
Land assessed in tracts.....	273,299 acres
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Other lands.....	32,691 acres
Percentage of land area in farms—87%	
273,229 acres in tracts with improvements,	
assessed at.....	\$6,755,412 or \$24.72 per acre
267,062 acres in farms, with improvements,	
census value.....	14,175,347 or 53.08 per acre
Probable ratio of assessed to true value—46.6%	
Approximate ratio taxes to true value—.47 of 1%	

EDMONSON COUNTY.

Total Assessment Roll, 1912—\$1,928,046

State and County Tax Rate—\$0.88 per \$100

Approximate land area.....	197,120 acres
Land assessed in tracts (estimated).....	180,900 acres
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Other lands (estimated).....	16,220 acres
Percentage of land area in farms—94%	
180,900 acres in tracts with improvements,	
assessed at.....	\$1,267,098 or \$ 7.00 per acre
184,382 acres in farms, with improvements,	
census value.....	1,798,135 or 9.75 per acre
Probable ratio of assessed to true value—71.8%	
Approximate ratio taxes to true value—.63 of 1%	

ELLIOTT COUNTY.

Total Assessment Roll, 1912—\$1,015,649

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	168,320 acres
Land assessed in tracts.....	137,005 acres
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Other lands.....	31,315 acres
Percentage of land area in farms—89%	
137,005 acres in tracts with improvements,	
assessed at.....	\$ 684,240 or \$ 4.99 per acre
149,698 acres in farms with improvements,	
census value.....	1,181,070 or 7.89 per acre
Probable ratio of assessed to true value—63%	
Approximate ratio taxes to true value—.73 of 1%	

ESTILL COUNTY.

Total Assessment Roll, 1912—\$1,457,990

State and County Tax Rate—\$1.45 per \$100

Approximate land area.....	162,560 acres
Land assessed in tracts.....	129,715 acres

Other lands.....	32,845 acres
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Percentage of land area in farms—88%

129,715 acres in tracts with improvements,

assessed at.....\$ 980,560 or \$ 7.56 per acre

142,824 acres in farms with improvements,

census value..... 1,984,767 or 13.90 per acre

Probable ratio of assessed to true value—54.4%

Approximate ratio taxes to true value—.79 of 1%

FAYETTE COUNTY.

Total Assessment Roll, 1912—\$36,423,810

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	172,160 acres
Land assessed in tracts.....	179,860 acres

Other lands.....	
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(Note: The acreage can not be reconciled.)

Percentage of land area in farms—96%

179,860 acres in tracts with improvements,

assessed at.....\$13,378,361 or \$74.38 per acre

165,541 acres in farms with improvements,

census value..... 22,744,934 or 137.38 per acre

Probable ratio of assessed to true value—54%

Approximate ratio taxes to true value—.62 of 1%

FLEMING COUNTY.

Total Assessment Roll, 1912—\$5,993,984

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	208,000 acres
Land assessed in tracts.....	213,674 acres

Other lands.....	
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(Note: This acreage can not be reconciled.)

Percentage of land area in farms—103%

213,674 acres in tracts with improvements,

assessed at.....\$3,920,289 or \$18.35 per acre

213,666 acres in farms with improvements,

census value..... 9,059,308 or 42.40 per acre

Probable ratio of assessed to true value—43%

Approximate ratio taxes to true value—.52 of 1%

FLOYD COUNTY.

Total Assessment Roll, 1912—\$3,394,523

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	255,360 acres
Land assessed in tracts.....	335,931 acres

Other lands.....

(Note: This acreage can not be reconciled.)

Percentage of land area in farms—92%

335,931 acres in tracts with improvements,

assessed at.....\$2,032,933 or \$ 6.05 per acre

235,190 acres in farms with improvements,

census value..... 3,118,948 or 13.26 per acre

Probable ratio of assessed to true value—46%

Approximate ratio taxes to true value—.55 of 1%

FRANKLIN COUNTY.

Total Assessment Roll, 1912—\$8,306,924

State and County Tax Rate—\$1.25 per \$100

Approximate land area.....	127,360 acres
Land assessed in tracts (estimated).....	122,902 acres

Other lands..... 4,458 acres

Percentage of land area in farms—98%

122,902 acres in tracts with improvements,

assessed at.....\$3,094,322 or \$25.18 per acre

125,330 acres in farms with improvements,

census value..... 5,738,587 or 45.78 per acre

Probable ratio of assessed to true value—55%

Approximate ratio taxes to true value—.69 of 1%

FULTON COUNTY.

Total Assessment Roll, 1912—\$5,071,575

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	123,520 acres
Land assessed in tracts.....	113,574 acres

Other lands..... 9,946 acres

Percentage of land area in farms—73%

113,574 acres in tracts with improvements,

assessed at.....\$2,188,316 or \$19.27 per acre

89,892 acres in farms with improvements,

census value..... 4,804,134 or 53.44 per acre

Probable ratio of assessed to true value—36%

Approximate ratio taxes to true value—.41 of 1%

GALLATIN COUNTY.

Total Assessment Roll, 1912—\$1,319,348

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	69,760 acres
Land assessed in tracts.....	58,978 acres
Other lands.....	10,782 acres
Percentage of land area in farms—84%	
58,978 acres in tracts with improvements, assessed at.....	\$ 996,205 or \$16.89 per acre
58,620 acres in farms with improvements, census value.....	2,147,280 or 36.63 per acre
Probable ratio of assessed to true value—46%	
Approximate ratio taxes to true value—.51 of 1%	

GARRARD COUNTY.

Total Assessment Roll, 1912—\$6,488,326

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	151,680 acres
Land assessed in tracts.....	133,862 acres
Other lands.....	17,818 acres
Percentage of land area in farms—84%	
133,862 acres in tracts with improvements, assessed at.....	\$4,325,120 or \$32.31 per acre
127,788 acres in farms with improvements, census value.....	8,018,299 or 62.75 per acre
Probable ratio of assessed to true value—51.5%	
Approximate ratio taxes to true value—.62 of 1%	

GRANT COUNTY.

Total Assessment Roll, 1912—\$3,704,514

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	168,960 acres
Land assessed in tracts.....	158,430 acres
Other lands.....	10,530 acres
Percentage of land area in farms—93%	
158,430 acres in tracts with improvements, assessed at.....	\$2,699,176 or \$17.03 per acre
156,483 acres in farms with improvements, census value.....	5,634,765 or 36.01 per acre
Probable ratio of assessed to true value—47%	
Approximate ratio taxes to true value—.54 of 1%	

GRAVES COUNTY.

Total Assessment Roll, 1912—\$11,603,185

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	352,640 acres
Land assessed in tracts (estimated).....	334,000 acres
Other lands (estimated).....	18,640 acres
Percentage of land area in farms—95%	
334,000 (estimated) acres in tracts with improvements, assessed at.....	\$5,451,734 or \$16.32 per acre
335,830 acres in farms with improvements, census value.....	9,375,403 or 27.92 per acre
Probable ratio of assessed to true value—58.5%	
Approximate ratio taxes to true value—.70 of 1%	

GRAYSON COUNTY.

Total Assessment Roll, 1912—\$2,752,913

State and County Tax Rate—\$1.17 per \$100

Approximate land area.....	318,080 acres
Land assessed in tracts.....	289,267 acres
Other lands.....	28,813 acres
Percentage of land area in farms—93%	
289,267 acres in tracts with improvements, assessed at.....	\$1,534,467 or \$ 5.30 per acre
295,551 acres in farms with improvements, census value.....	3,573,784 or 12.09 per acre
Probable ratio of assessed to true value—44%	
Approximate ratio taxes to true value—.52 of 1%	

GREEN COUNTY.

Total Assessment Roll, 1912—\$1,410,519

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	178,560 acres
Land assessed in tracts.....	154,679 acres
Other lands.....	23,881 acres
Percentage of land area in farms—94%	
154,679 acres in tracts with improvements, assessed at.....	\$ 979,081 or \$ 6.33 per acre
167,375 acres in farms with improvements, census value.....	3,153,496 or 18.84 per acre
Probable ratio of assessed to true value—33.6%	
Approximate ratio taxes to true value—.40 of 1%	

GREENUP COUNTY.

Total Assessment Roll, 1912—\$2,738,468

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	221,440 acres
Land assessed in tracts (estimated).....	193,000 acres
Other lands (estimated).....	28,000 acres
Percentage of land area in farms—89%	
193,000 (estimated) acres in tracts with improvements, assessed at.....	\$1,341,900 or \$ 6.95 per acre
197,021 acres in farms with improvements, census value.....	2,850,590 or 14.46 per acre
Probable ratio of assessed to true value—48%	
Approximate ratio taxes to true value—.58 of 1%	

HANCOCK COUNTY.

Total Assessment Roll, 1912—\$2,098,812

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	123,520 acres
Land assessed in tracts.....	120,028 acres
Other lands.....	3,492 acres
Percentage of land area in farms—88%	
120,028 acres in tracts with improvements, assessed at.....	\$1,404,611 or \$11.70 per acre
108,588 acres in farms with improvements, census value.....	2,152,052 or 19.82 per acre
Probable ratio of assessed to true value—59%	
Approximate ratio taxes to true value—.68 of 1%	

HARDIN COUNTY.

Total Assessment Roll, 1912—\$5,730,781

State and County Tax Rate—\$0.95 per \$100

Approximate land area.....	387,840 acres
Land assessed in tracts	365,683 acres
Other lands.....	22,157 acres
Percentage of land area in farms—95%	
365,683 acres in tracts with improvements, assessed at.....	\$3,493,844 or \$ 9.55 per acre
367,128 acres in farms with improvements, census value.....	7,475,233 or 20.36 per acre
Probable ratio of assessed to true value—47%	
Approximate ratio taxes to true value—.45 of 1%	

HARLAN COUNTY.

Total Assessment Roll, 1912—\$3,996,744

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	305,920 acres
Land assessed in tracts.....	269,980 acres
Other lands.....	35,940 acres
Percentage of land area in farms—53%	
269,980 acres in tracts with improvements, assessed at.....	\$2,585,580 or \$ 9.58 per acre
161,926 acres in farms with improvements, census value.....	3,272,411 or 20.21 per acre
Probable ratio of assessed to true value—47.4%	
Approximate ratio taxes to true value—.52 of 1%	

HARRISON COUNTY.

Total Assessment Roll, 1912—\$8,309,141

State and County Tax Rate—\$1.125 per \$100

Approximate land area.....	199,040 acres
Land assessed in tracts (estimated).....	192,600 acres
Other lands (estimated).....	6,440 acres
Percentage of land area in farms—97%	
192,600 acres in tracts with improvements, assessed at.....	\$5,529,770 or \$28.70 per acre
192,849 acres in farms with improvements, census value.....	11,058,070 or 57.34 per acre
Probable ratio of assessed to true value—50%	
Approximate ratio taxes to true value—.56 of 1%	

HART COUNTY.

Total Assessment Roll, 1912—\$3,681,737

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	275,200 acres
Land assessed in tracts.....	240,352 acres
Other lands.....	34,848 acres
Percentage of land area in farms—89%	
240,352 acres in tracts with improvements, assessed at.....	\$2,093,308 or \$ 8.70 per acre
246,407 acres in farms with improvements, census value.....	6,239,836 or 25.32 per acre
Probable ratio of assessed to true value—34.4%	
Approximate ratio taxes to true value—.38 of 1%	

HENDERSON COUNTY.

Total Assessment Roll, 1912—\$13,530,131

State and County Tax Rate—\$1.18 per \$100

Approximate land area.....	278,400 acres
Land assessed in tracts.....	274,613 acres
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Other lands.....	3,787 acres
Percentage of land area in farms—83%	
274,613 acres in tracts with improvements, assessed at.....	\$6,333,821 or \$23.07 per acre
231,677 acres in farms with improvements, census value.....	10,389,434 or 44.85 per acre
Probable ratio of assessed to true value—51.5%	
Approximate ratio taxes to true value—.61 of 1%	

HENRY COUNTY.

Total Assessment Roll, 1912—\$5,639,961

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	193,920 acres
Land assessed in tracts (estimated).....	177,000 acres
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Other lands (estimated).....	16,900 acres
Percentage of land area in farms—92%	
177,000 acres in tracts with improvements, assessed at.....	\$4,031,438 or \$22.77 per acre
178,217 acres in farms with improvements, census value.....	8,898,332 or 49.92 per acre
Probable ratio of assessed to true value—45.6%	
Approximate ratio taxes to true value—.52 of 1%	

HICKMAN COUNTY.

Total Assessment Roll, 1912—\$4,149,908

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	144,000 acres
Land assessed in tracts.....	148,467 acres
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Other lands.....	
(Note: This acreage is not reconcilable.)	
Percentage of land area in farms—93%	
148,467 acres in tracts with improvements, assessed at.....	\$2,829,462 or \$19.06 per acre
133,494 acres in farms with improvements, census value.....	5,309,019 or 39.77 per acre
Probable ratio of assessed to true value—48%	
Approximate ratio taxes to true value—.58 of 1%	

HOPKINS COUNTY.

Total Assessment Roll, 1912—\$7,054,608

State and County Tax Rate—\$1.00 per \$100

Approximate land area.....	349,440 acres
Land assessed in tracts.....	341,596 acres
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Other lands.....	7,844 acres
Percentage of land area in farms—85%	
341,596 acres in tracts with improvements,	
assessed at.....	\$3,178,823 or \$ 9.30 per acre
298,263 acres in farms with improvements,	
census value.....	7,742,602 or 25.96 per acre
Probable ratio of assessed to true value—36%	
Approximate ratio taxes to true value—.36 of 1%	

JACKSON COUNTY.

Total Assessment Roll, 1912—\$7,054,608

State and County Tax Rate—\$1.00 per \$100

Approximate land area.....	213,120 acres
Land assessed in tracts.....	198,336 acres
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Other lands.....	14,784 acres
Percentage of land area in farms—72%	
198,336 acres in tracts with improvements,	
assessed at.....	\$1,153,593 or \$ 5.82 per acre
153,561 acres in farms with improvements,	
census value.....	1,109,253 or 7.22 per acre
Probable ratio of assessed to true value—80.6%	
Approximate ratio taxes to true value—.81 of 1%	

JEFFERSON COUNTY.

Total Assessment Roll, 1912—\$202,725,850

State and County Tax Rate—\$0.96¼ per \$100

Approximate land area.....	247,680 acres
Land assessed in tracts (estimated).....	212,700 acres
<hr/>	
Other lands.....	34,980 acres
Percentage of land area in farms—79%	
212,700 acres in tracts with improvements,	
assessed at.....	\$15,505,750 or \$72.90 per acre
196,707 acres in farms with improvements,	
census value.....	23,715,574 or 120.55 per acre
Probable ratio of assessed to true value—60.5%	
Approximate ratio taxes to true value—.58 of 1%	

JESSAMINE COUNTY.

Total Assessment Roll, 1912—\$7,054,800

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	110,080 acres
Land assessed in tracts.....	107,084 acres

Other lands.....	2,996 acres
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Percentage of land area in farms—91%

107,084 acres in tracts with improvements,

assessed at.....\$4,815,951 or \$44.97 per acre

99,887 acres in farms with improvements,

census value..... 8,529,690 or 85.39 per acre

Probable ratio of assessed to true value—52.7%

Approximate ratio taxes to true value—.58 of 1%

JOHNSON COUNTY.

Total Assessment Roll, 1912—\$2,983,405

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	171,520 acres
Land assessed in tracts.....	179,842 acres

Other lands.....	
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(Note: These figures are not reconcilable.)

Percentage of land area in farms—95%

179,842 acres in tracts with improvements,

assessed at.....\$1,605,499 or \$ 8.93 per acre

163,635 acres in farms with improvements,

census value..... 2,474,899 or 15.12 per acre

Probable ratio of assessed to true value—59%

Approximate ratio taxes to true value—.71 of 1%

KENTON COUNTY.

Total Assessment Roll, 1912—\$31,286,343

State and County Tax Rate—\$1.12 per \$100

Approximate land area.....	104,320 acres
Land assessed in tracts.....	97,835 acres

Other lands.....	6,485 acres
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Percentage of land area in farms—83%

97,835 acres in tracts with improvements,

assessed at.....\$4,410,363 or \$45.08 per acre

86,408 acres in farms with improvements,

census value..... 4,964,565 or 57.45 per acre

Probable ratio of assessed to true value—78.5%

Approximate ratio taxes to true value—.82 of 1%

KNOTT COUNTY.

Total Assessment Roll, 1912—\$1,962,744
 State and County Tax Rate (no report) per \$100

Approximate land area.....	222,720 acres
Land assessed in tracts (estimated)	194,570 acres
Other lands.....	28,150 acres
Percentage of land area in farms—91%	
194,570 (est.) acres in tracts with improvements, assessed at.....	\$1,056,032 or \$ 5.43 per acre
202,438 acres in farms with improvements, Census value.....	1,686,025 or 8.33 per acre
Probable ratio of assessed to true value—65%	
Approximate ratio taxes to true value—(no report.)	

KNOX COUNTY.

Total Assessment Roll, 1912—\$3,799,548
 State and County Tax Rate—\$0.85 per \$100

Approximate land area.....	227,840 acres
Land assessed in tracts.....	203,374 acres
Other lands.....	24,466 acres
Percentage of land area in farms—82%	
203,374 acres in tracts with improvements, assessed at.....	\$2,028,548 or \$ 9.97 per acre
187,590 acres in farms with improvements, census value.....	2,478,881 or 13.22 per acre
Probable ratio of assessed to true value—75.4%	
Approximate ratio taxes to true value—.64 of 1%	

LARUE COUNTY.

Total Assessment Roll, 1912—\$3,341,282
 State and County Tax Rate—\$1.00 per \$100

Approximate land area.....	184,320 acres
Land assessed in tracts (estimated).....	155,200 acres
Other lands.....	29,120 acres
Percentage of land area in farms—83%	
155,200 (estimated) acres in tracts with improvements, assessed at.....	\$2,129,638 or \$13.72 per acre
153,315 acres in farms with improvements, census value.....	3,959,859 or 25.82 per acre
Probable ratio of assessed to true value—53%	
Approximate ratio taxes to true value—.53 of 1%	

LAUREL COUNTY.

Total Assessment Roll, 1912—\$2,850,393

State and County Tax Rate \$1.20 per \$100

Approximate land area.....	286,080 acres
Land assessed in tracts.....	238,252 acres

Other lands.....	47,828 acres
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Percentage of land area in farms—66%

238,252 acres in tracts with improvements,

assessed at.....\$1,484,286 or \$ 6.23 per acre

188,248 acres in farms with improvements,

census value..... 2,433,489 or 12.93 per acre

Probable ratio of assessed to true value—48%

Approximate ratio taxes to true value—.58 of 1%

LAWRENCE COUNTY.

Total Assessment Roll, 1912—\$2,917,700

State and County Tax Rate \$1.20 per \$100

Approximate land area.....	270,080 acres
Land assessed in tracts (estimated).....	259,000 acres

Other lands.....	11,000 acres
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Percentage of land area in farms—96%

259,000 acres in tracts with improvements,

assessed at.....\$1,540,085 or \$ 5.95 per acre

260,485 acres in farms with improvements,

census value..... 2,833,114 or 10.88 per acre

Probable ratio of assessed to true value—54.7%

Approximate ratio taxes to true value—.66 of 1%

LEE COUNTY.

Total Assessment Roll, 1912—\$1,277,956

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	127,360 acres
Land assessed in tracts.....	127,827 acres

Other lands.....	
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(Note: These figures are not reconcilable.)

Percentage of land area in farms—68%

127,872 acres in tracts with improvements,

assessed at.....\$ 573,652 or \$ 4.48 per acre

86,419 acres in farms with improvements,

census value..... 783,938 or 9.06 per acre

Probable ratio of assessed to true value—49.5%

Approximate ratio taxes to true value—.59 of 1%

LESLIE COUNTY.

Total Assessment Roll, 1912—\$2,222,412

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	238,720 acres
Land assessed in tracts.....	271,390 acres

Other lands.....

(Note: These figures are not reconcilable.)

Percentage of land area in farms—71%

271,390 acres in tracts with improvements,

assessed at.....\$1,352,001 or \$ 4.98 per acre

169,254 acres in farms with improvements,

census value..... 1,358,035 or 8.02 per acre

Probable ratio of assessed to true value—62%

Approximate ratio taxes to true value—.74 of 1%

LETCHER COUNTY.

Total Assessment Roll, 1912—\$3,323,216

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	227,200 acres
Land assessed in tracts.....	255,135 acres

Other lands.....

(Note: These figures are not reconcilable.)

Percentage of land area in farms—68%

255,315 acres in tracts with improvements,

assessed at.....\$1,623,547 or \$ 6.36 per acre

154,166 acres in farms with improvements,

census value..... 1,287,628 or 8.35 per acre

Probable ratio of assessed to true value—76%

Approximate ratio taxes to true value—.87 of 1%

LEWIS COUNTY.

Total Assessment Roll, 1912—\$2,941,217

State and County Tax Rate—\$1.25 per \$100

Approximate land area.....	314,240 acres
Land assessed in tracts.....	285,981 acres

Other lands..... 28,259 acres

Percentage of land area in farms—78%

285,981 acres in tracts with improvements,

assessed at.....\$1,838,734 or \$ 6.42 per acre

244,823 acres in farms with improvements,

census value..... 3,472,900 or 14.18 per acre

Probable ratio of assessed to true value—45%

Approximate ratio taxes to true value—.56 of 1%

LINCOLN COUNTY.

Total Assessment Roll, 1912—\$6,654,097

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	216,320 acres
Land assessed in tracts.....	198,595 acres

Other lands.....	17,725 acres
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Percentage of land area in farms—88%

198,595 acres in tracts with improvements,

assessed at.....\$4,216,343 or \$21.23 per acre

190,274 acres in farms with improvements,

census value.....7,875,335 or 41.39 per acre

Probable ratio of assessed to true value—51%

Approximate ratio taxes to true value—.59 of 1%

LIVINGSTON COUNTY.

Total Assessment Roll, 1912—\$3,022,838

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	250,880 acres
Land assessed in tracts.....	189,387 acres

Other lands.....	61,493 acres
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Percentage of land area in farms—73%

189,387 acres in tracts with improvements,

assessed at.....\$1,790,292 or \$9.45 per acre

183,287 acres in farms with improvements,

census value.....2,843,625 or 15.53 per acre

Probable ratio of assessed to true value—61%

Approximate ratio taxes to true value—.73 of 1%

LOGAN COUNTY.

Total Assessment Roll, 1912—\$6,311,370

State and County Tax Rate—\$1.29 $\frac{1}{2}$ per \$100

Approximate land area.....	411,520 acres
Land assessed in tracts.....	326,353 acres

Other lands.....	85,167 acres
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Percentage of land area in farms—80%

326,353 acres in tracts with improvements,

assessed at.....\$3,553,961 or \$10.89 per acre

323,282 acres in farms with improvements,

census value.....8,766,539 or 26.70 per acre

Probable ratio of assessed to true value—41%

Approximate ratio taxes to true value—.53 of 1%

LYON COUNTY.

Total Assessment Roll, 1912—\$1,780,071

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	177,280 acres
Land assessed in tracts.....	143,116 acres
Other lands.....	34,164 acres
Percentage of land area in farms—62%	
143,116 acres in tracts with improvements, assessed at	\$1,008,396 or \$ 7.04 per acre
110,305 acres in farms with improvements, census value.....	1,628,421 or 14.76 per acre
Probable ratio of assessed to true value—47.7%	
Approximate rates taxes to true value—.57 of 1%	

MADISON COUNTY.

Total Assessment Roll, 1912—\$12,980,810

State and County Tax Rate—\$1.17 per \$100

Approximate land area.....	285,440 acres
Land assessed in tracts (estimated).....	258,000 acres
Other lands.....	27,440 acres
Percentage of land area in farms—91%	
258,000 (estimated) acres in tracts with improvements, assessed at.....	\$7,635,970 or \$29.60 per acre
260,652 acres in farms with improvements, census value.....	13,390,318 or 51.38 per acre
Probable ratio of assessed to true value—57.6%	
Approximate ratio taxes to true value—.67 of 1%	

MAGOFFIN COUNTY.

Total Assessment Roll, 1912—\$1,519,411

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	193,280 acres
Land assessed in tracts.....	193,210 acres
Other lands.....	
(Note: Data for other years show that the acreage figures are not to be reconciled.)	
Percentage of land area in farms—102%	
193,210 acres in tracts with improvements, assessed at.....	\$1,075,880 or \$ 5.57 per acre
197,804 acres in farms with improvements, census value.....	1,963,557 or 9.93 per acre
Probable ratio of assessed to true value—56%	
Approximate ratio taxes to true value—.64 of 1%	

MARION COUNTY.

Total Assessment Roll, 1912—\$5,118,287

State and County Tax Rate—(No report) per \$100

Approximate land area.....	220,800 acres
Land assessed in tracts (estimated).....	196,000 acres
<hr/>	
Other lands (estimated).....	24,800 acres
Percentage of land area in farms—89%	
196,000 (estimated) acres in tracts with improvements, assessed at.....	\$2,560,691 or \$13.06 per acre
196,107 acres in farms with improvements, census value.....	6,095,006 or 31.08 per acre
Probable ratio of assessed to true value—42%	
Approximate ratio taxes to true value—(No report)	

MARSHALL COUNTY.

Total Assessment Roll, 1912—\$3,205,643

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	209,280 acres
Land assessed in tracts.....	204,938 acres
<hr/>	
Other lands.....	4,342 acres
Percentage of land area in farms—96%	
204,938 acres in tracts with improvements, assessed at.....	\$2,074,520 or \$10.12 per acre
199,890 acres in farms with improvements, census value.....	4,183,373 or 20.93 per acre
Probable ratio of assessed to true value—48%	
Approximate ratio taxes to true value—.55 of 1%	

MARTIN COUNTY.

Total Assessment Roll, 1912—\$1,324,904

State and County Tax Rate—\$1.35 per \$100

Approximate land area.....	145,280 acres
Land assessed in tracts.....	193,033 acres
<hr/>	
Other lands.....	
(Note: These figures are not reconcilable.)	
Percentage of land area in farms—62%	
193,033 acres in tracts with improvements, assessed at.....	\$ 881,803 or \$ 4.56 per acre
90,347 acres in farms with improvements, census value.....	805,756 or 8.91 per acre
Probable ratio of assessed to true value—51%	
Approximate ratio taxes to true value—.69 of 1%	

MASON COUNTY.

Total Assessment Roll, 1912—\$10,486,047

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	145,280 acres
Land assessed in tracts.....	146,569 acres

Other lands.....

(Note: These figures are not reconcilable.)

Percentage of land area in farms—102%

146,569 acres in tracts with improvements,

assessed at.....\$6,233,675 or \$42.53 per acre

147,613 acres in farms with improvements,

census value.....12,032,184 or 81.52 per acre

Probable ratio of assessed to true value—52%

Approximate ratio taxes to true value—.62 of 1%

McCRACKEN COUNTY.

Total Assessment Roll, 1912—\$13,570,276

State and County Tax Rate—\$1.36 per \$100

Approximate land area.....	152,960 acres
Land assessed in tracts.....	150,347 acres

Other lands.....2,613 acres

Percentage of land area in farms—86%

150,347 acres in tracts with improvements,

assessed at.....\$2,939,356 or \$19.55 per acre

132,106 acres in farms with improvements,

census value.....5,243,944 or 39.71 per acre

Probable ratio of assessed to true value—49%

Approximate ratio taxes to true value—.67 of 1%

McLEAN COUNTY.

Total Assessment Roll, 1912—\$3,223,855

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	161,920 acres
Land assessed in tracts (estimated).....	143,500 acres

Other lands (estimated).....18,400 acres

Percentage of land area in farms—88%

143,500 (estimated) acres in tracts with improvements,

assessed at.....\$1,820,832 or \$12.69 per acre

142,616 acres in farms with improvements,

census value.....4,213,041 or 29.54 per acre

Probable ratio of assessed to true value—43%

Approximate ratio taxes to true value—.52 of 1%

MEADE COUNTY.

Total Assessment Roll, 1912—\$2,971,774

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	192,640 acres
Land assessed in tracts.....	188,820 acres

Other lands.....	3,820 acres
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Percentage of land area in farms—92%

188,820 acres in tracts with improvements,

assessed at.....\$1,802,432 or \$ 9.55 per acre

177,437 acres in farms with improvements,

census value..... 2,915,292 or 16.43 per acre

Probable ratio of assessed to true value—58%

Approximate ratio taxes to true value—.70 of 1%

MENIFEE COUNTY.

Total Assessment Roll, 1912—\$791,783

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	129,920 acres
Land assessed in tracts.....	120,101 acres

Other lands.....	9,819 acres
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Percentage of land area in farms—74%

120,101 acres in tracts with improvements,

assessed at.....\$ 491,185 or \$ 4.09 per acre

95,700 acres in farms with improvements,

census value..... 764,066 or 7.98 per acre

Probable ratio of assessed to true value—51%

Approximate ratio taxes to true value—.56 of 1%

MERCER COUNTY.

Total Assessment Roll, 1912—\$7,522,978

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	161,920 acres
Land assessed in tracts.....	155,703 acres

Other lands.....	6,217 acres
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Percentage of land area in farms—94%

155,703 acres in tracts with improvements,

assessed at.....\$4,666,780 or \$29.97 per acre

151,884 acres in farms with improvements,

census value..... 8,508,332 or 56.02 per acre

Probable ratio of assessed to true value—53.5%

Approximate ratio taxes to true value—.62 of 1%

METCALFE COUNTY.

Total Assessment Roll, 1912—\$1,652,047

State and County Tax Rate—\$1.50 per \$100

Approximate land area.....	193,920 acres
Land assessed in tracts.....	171,466 acres
Other lands.....	22,454 acres
Percentage of land area in farms—86%	
171,466 acres in tracts with improvements, assessed at.....	\$1,170,701 or \$ 6.82 per acre
165,833 acres in farms with improvements, census value.....	2,758,860 or 16.63 per acre
Probable ratio of assessed to true value—41%	
Approximate ratio taxes to true value—.62 of 1%	

MONROE COUNTY.

Total Assessment Roll, 1912—\$2,421,069

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	282,240 acres
Land assessed in tracts.....	196,977 acres
Other lands.....	85,263 acres
Percentage of land area in farms—72%	
196,977 acres in tracts with improvements, assessed at.....	\$1,419,795 or \$ 7.20 per acre
204,275 acres in farms with improvements, census value.....	2,330,624 or 11.42 per acre
Probable ratio of assessed to true value—63%	
Approximate ratio taxes to true value—.69 of 1%	

MONTGOMERY COUNTY.

Total Assessment Roll, 1912—\$6,595,585

State and County Tax Rate—\$1.19 per \$100

Approximate land area.....	126,720 acres
Land assessed in tracts.....	118,594 acres
Other lands.....	8,126 acres
Percentage of land area in farms—92%	
118,594 acres in tracts with improvements, assessed at.....	\$3,692,525 or \$31.13 per acre
116,665 acres in farms with improvements, census value.....	8,223,165 or 70.49 per acre
Probable ratio of assessed to true value—44%	
Approximate ratio taxes to true value—.52 of 1%	

MORGAN COUNTY.

Total Assessment Roll, 1912—\$2,636,241
 State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	233,600 acres
Land assessed in tracts.....	217,006 acres
Other lands.....	16,594 acres
Percentage of land area in farms—90%	
217,006 acres in tracts with improvements, assessed at	\$1,890,529 or \$8.71 per acre
210,597 acres in farms with improvements, census value.....	2,392,045 or 11.36 per acre
Probable ratio of assessed to true value—76.7%	
Approximate ratio taxes to true value—.92 of 1%	

MUHLENBERG COUNTY.

Total Assessment Roll, 1912—\$4,239,146
 State and County Tax Rate—\$1.65 per \$100

Approximate land area.....	302,080 acres
Land assessed in tracts.....	317,636 acres
Other lands.....	
(Note: These figures are not reconcilable.)	
Percentage of land area in farms—81%	
317,636 acres in tracts with improvements, assessed at	\$2,237,750 or \$ 7.04 per acre
245,210 acres in farms with improvements, census value.....	4,035,443 or 16.46 per acre
Probable ratio of assessed to true value—43%	
Approximate ratio taxes to true value—.71 of 1%	

NELSON COUNTY.

Total Assessment Roll, 1912—\$7,528,431
 State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	263,040 acres
Land assessed in tracts.....	245,951 acres
Other lands.....	17,089 acres
Percentage of land area in farms—87%	
245,951 acres in tracts with improvements, assessed at	\$4,025,440 or \$16.36 per acre
228,650 acres in farms with improvements, census value.....	6,688,789 or 29.25 per acre
Probable ratio of assessed to true value—56%	
Approximate ratio taxes to true value—.62 of 1%	

NICHOLAS COUNTY.

Total Assessment Roll, 1912—\$4,646,242

State and County Tax Rate—\$1.00 per \$100

Approximate land area.....	133,120 acres
Land assessed in tracts.....	122,534 acres
<hr/>	
Other lands.....	10,586 acres
Percentage of land area in farms—85%	
122,534 acres in tracts with improvements, assessed at.....	\$3,207,166 or \$26.17 per acre
113,055 acres in farms with improvements, census value.....	7,293,727 or 64.51 per acre
Probable ratio of assessed to true value—40.6%	
Approximate ratio taxes to true value—.41 of 1%	

OHIO COUNTY.

Total Assessment Roll, 1912—\$5,089,817

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	373,760 acres
Land assessed in tracts.....	355,729 acres
<hr/>	
Other lands.....	18,031 acres
Percentage of land area in farms—91%	
355,729 acres in tracts with improvements, assessed at.....	\$3,064,006 or \$ 8.61 per acre
338,211 acres in farms with improvements, census value.....	4,907,504 or 14.51 per acre
Probable ratio of assessed to true value—59%	
Approximate ratio taxes to true value—.68 of 1%	

OLDHAM COUNTY.

Total Assessment Roll, 1912—\$4,197,680

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	115,200 acres
Land assessed in tracts.....	116,132 acres
<hr/>	
Other lands.....	
(Note: These figures are not reconcilable.)	
Percentage of land area in farms—92%	
116,132 acres in tracts with improvements, assessed at.....	\$2,541,534 or \$21.88 per acre
106,214 acres in farms with improvements, census value.....	4,455,865 or 41.94 per acre
Probable ratio of assessed to true value—52%	
Approximate ratio taxes to true value—.62 of 1%	

OWEN COUNTY.

Total Assessment Roll, 1912—\$3,380,868

State and County Tax Rate—\$1.60 per \$100

Approximate land area.....	234,880 acres
Land assessed in tracts.....	214,821 acres
Other lands.....	20,059 acres
Percentage of land area in farms—91%	
214,821 acres in tracts with improvements, assessed at.....	\$2,660,748 or \$12.39 per acre
213,786 acres in farms with improvements, census value.....	6,678,405 or 31.24 per acre
Probable ratio of assessed to true value—40%	
Approximate ratio taxes to true value—.64 of 1%	

OWSLEY COUNTY.

Total Assessment Roll, 1912—\$ 975,488

State and County Tax Rate—(No report) per \$100

Approximate land area.....	138,240 acres
Land assessed in tracts.....	111,783 acres
Other lands.....	26,457 acres
Percentage of land area in farms—80%	
111,783 acres in tracts with improvements, assessed at.....	\$ 671,865 or \$ 6.01 per acre
110,308 acres in farms with improvements, census value.....	986,426 or 8.94 per acre
Probable ratio of assessed to true value—67%	
Approximate ratio taxes to true value—(No report)	

PENDLETON COUNTY.

Total Assessment Roll, 1912—\$3,865,861

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	178,560 acres
Land assessed in tracts.....	167,716 acres
Other lands.....	10,844 acres
Percentage of land area in farms—95%	
167,716 acres in tracts with improvements, assessed at.....	\$2,733,114 or \$16.30 per acre
169,449 acres in farms with improvements, census value.....	5,028,921 or 29.67 per acre
Probable ratio of assessed to true value—55%	
Approximate ratio taxes to true value—.66 of 1%	

PERRY COUNTY.

Total Assessment Roll, 1912—\$2,834,694

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	214,400 acres
Land assessed in tracts.....	251,191 acres

Other lands.....

(Note: These figures are not reconcilable.)

Percentage of land area in farms—82%

251,191 acres in tracts with improvements,

assessed at.....\$1,287,982 or \$ 5.13 per acre

174,794 acres in farms with improvements,

census value..... 1,538,118 or 8.80 per acre

Probable ratio of assessed to true value—58%

Approximate ratio taxes to true value—70 of 1%.

PIKE COUNTY.

Total Assessment Roll, 1912—\$5,781,509

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	498,560 acres
Land assessed in tracts.....	473,166 acres

Other lands..... 25,394 acres

Percentage of land area in farms—97%

473,166 acres in tracts with improvements,

assessed at.....\$3,450,612 or \$7.29 per acre

481,370 acres in farms with improvements,

census value..... 5,280,458 or 10.97 per acre

Probable ratio of assessed to true value—66.5%

Approximate ratio taxes to true value—.80 of 1%

POWELL COUNTY.

Total Assessment Roll, 1912—\$ 872,917

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	115,840 acres
Land assessed in tracts.....	80,295 acres

Other lands..... 35,545 acres

Percentage of land area in farms—97%

80,295 acres in tracts with improvements,

assessed at.....\$ 590,310 or \$ 7.33 per acre

112,196 acres in farms with improvements,

census value..... 2,062,961 or 18.38 per acre

Probable ratio of assessed to true value—40%

Approximate ratio taxes to true value—.46 of 1%

PULASKI COUNTY.

Total Assessment Roll, 1912—\$6,004,064

State and County Tax Rate—\$1.10 per \$100

Approximate land area.....	498,560 acres
Land assessed in tracts.....	399,769 acres
Other lands.....	98,791 acres
Percentage of land area in farms—74%	
399,769 acres in tracts with improvements,	
assessed at.....	\$3,131,790 or \$ 7.83 per acre
368,140 acres in farms with improvements,	
census value.....	4,154,659 or 11.28 per acre
Probable ratio of assessed to true value—69.4%	
Approximate ratio taxes to true value—.76 of 1%	

ROBERTSON COUNTY.

Total Assessment Roll, 1912—\$1,120,810

State and County Tax Rate—\$1.95 per \$100

Approximate land area.....	69,760 acres
Land assessed in tracts.....	62,270 acres
Other lands.....	7,490 acres
Percentage of land area in farms—87%	
62,275 acres in tracts with improvements,	
assessed at.....	\$ 839,227 or \$13.46 per acre
60,525 acres in farms with improvements,	
census value.....	2,509,929 or 41.47 per acre
Probable ratio of assessed to true value—32%	
Approximate ratio taxes to true value—.62 of 1%	

ROCKCASTLE COUNTY.

Total Assessment Roll, 1912—\$1,763,055

State and County Tax Rate—\$1.18 per \$100

Approximate land area.....	198,400 acres
Land assessed in tracts.....	176,703 acres
Other lands.....	21,697 acres
Percentage of land area in farms—86%	
176,703 acres in tracts with improvements,	
assessed at.....	\$ 966,441 or \$5.47 per acre
170,855 acres in farms with improvements,	
census value.....	1,796,867 or 10.52 per acre
Probable ratio of assessed to true value—52%	
Approximate ratio taxes to true value—.61 of 1%	

ROWAN COUNTY.

Total Assessment Roll, 1912—\$1,315,981

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	174,080 acres
Land assessed in tracts.....	229,885 acres

Other lands.....

(Note: These returns are not reconcilable.)

Percentage of land area in farms—74%

229,885 acres in tracts with improvements,

assessed at.....\$ 673,396 or \$ 2.93 per acre

128,130 acres in farms with improvements,

census value..... 825,089 or 6.44 per acre

Probable ratio of assessed to true value—45.5%

Approximate ratio taxes to true value—.55 of 1%

RUSSELL COUNTY.

Total Assessment Roll, 1912—\$1,774,684

State and County Tax Rate—(No report) per \$100

Approximate land area.....	210,560 acres
Land assessed in tracts.....	159,052 acres

Other lands..... 51,508 acres

Percentage of land area in farms—77%

159,052 acres in tracts with improvements,

assessed at.....\$1,111,108 or \$ 6.98 per acre

161,188 acres in farms with improvements,

census value..... 1,801,855 or 11.17 per acre

Probable ratio of assessed to true value—62.5%

Approximate ratio taxes to true value—(No report)

SCOTT COUNTY.

Total Assessment Roll, 1912—\$10,016,577

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	184,960 acres
Land assessed in tracts.....	177,414 acres

Other lands..... 7,546 acres

Percentage of land area in farms—101%

177,414 acres in tracts with improvements,

assessed at.....\$6,291,067 or \$35.46 per acre

186,438 acres in farms with improvements,

census value.....12,790,888 or 68.60 per acre

Probable ratio of assessed to true value—51.6%

Approximate ratio taxes to true value—.59 of 1%

SHELBY COUNTY.

Total Assessment Roll, 1912—\$12,435,140

State and County Tax Rate—\$1.02 per \$100

Approximate land area.....	273,280 acres
Land assessed in tracts.....	238,924 acres
Other lands.....	34,356 acres
Percentage of land area in farms—87%	
238,924 acres in tracts with improvements, assessed at.....	\$8,459,512 or \$35.40 per acre
238,885 acres in farms with improvements, census value.....	15,960,694 or 66.82 per acre
Probable ratio of assessed to true value—53%	
Approximate ratio taxes to true value—.54 of 1%	

SIMPSON COUNTY.

Total Assessment Roll, 1912—\$3,563,757

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	138,240 acres
Land assessed in tracts.....	145,892 acres
Other lands.....	
(Note: These figures are not reconcilable.)	
Percentage of land area in farms—107%	
145,892 acres in tracts with improvements, assessed at.....	\$1,854,864 or \$12.71 per acre
148,341 acres in farms with improvements, census value.....	5,330,386 or 35.93 per acre
Probable ratio of assessed to true value—35.4%	
Approximate ratio taxes to true value—.43 of 1%	

SPENCER COUNTY.

Total Assessment Roll, 1912—\$2,754,929

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	119,040 acres
Land assessed in tracts.....	116,420 acres
Other lands.....	2,620 acres
Percentage of land area in farms—98%	
116,420 acres in tracts with improvements, assessed at.....	\$1,884,970 or \$16.19 per acre
116,385 acres in farms with improvements, census value.....	4,581,366 or 39.36 per acre
Probable ratio of assessed to true value—41%	
Approximate ratio taxes to true value—.49 of 1%	

TAYLOR COUNTY.

Total Assessment Roll, 1912—\$1,945,045

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	178,560 acres
Land assessed in tracts.....	167,783 acres
Other lands.....	10,777 acres
Percentage of land area in farms—89%	
167,783 acres in tracts with improvements, assessed at.....	\$ 985,357 or \$ 5.87 per acre
159,171 acres in farms with improvements, census value.....	3,116 967 or 19.58 per acre
Probable ratio of assessed to true value—30%	
Approximate ratio taxes to true value—.35 of 1%	

TODD COUNTY.

Total Assessment Roll, 1912—\$3,922,040

State and County Tax Rate—\$1.30 per \$100

Approximate land area.....	243,880 acres
Land assessed in tracts.....	223,929 acres
Other lands.....	19,951 acres
Percentage of land area in farms—96%	
223,929 acres in tracts with improvements, assessed at.....	\$2,521,638 or \$11.26 per acre
224,735 acres in farms with improvements, census value.....	5,593,257 or 24.90 per acre
Probable ratio of assessed to true value—45%	
Approximate ratio taxes to true value—.59 of 1%	

TRIGG COUNTY.

Total Assessment Roll, 1912—\$3,142,473

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	273,920 acres
Land assessed in tracts.....	253,115 acres
Other lands.....	20,805 acres
Percentage of land area in farms—94%	
253,115 acres in tracts with improvements, assessed at.....	\$2,110,351 or \$ 8.34 per acre
257,670 acres in farms with improvements, census value.....	2,974,735 or 11.55 per acre
Probable ratio of assessed to true value—72%	
Approximate ratio taxes to true value—.86 of 1%	

TRIMBLE COUNTY.

Total Assessment Roll, 1912—\$1,856,114

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	98,560 acres
Land assessed in tracts.....	87,027 acres
Other lands.....	11,533 acres
Percentage of land area in farms—93%	
87,027 acres in tracts with improvements, assessed at.....	\$1,379,550 or \$15.85 per acre
91,633 acres in farms with improvements, census value.....	2,571,262 or 28.06 per acre
Probable ratio of assessed to true value—56.5%	
Approximate ratio taxes to true value—.68 of 1%	

UNION COUNTY.

Total Assessment Roll, 1912—\$9,124,555

State and County Tax Rate—\$1.00 per \$100

Approximate land area.....	208,000 acres
Land assessed in tracts.....	207,713 acres
Other lands.....	287 acres
Percentage of land area in farms—97%	
207,713 acres in tracts with improvements, assessed at.....	\$5,351,997 or \$25.77 per acre
201,431 acres in farms with improvements, census value.....	10,777,322 or 53.47 per acre
Probable ratio of assessed to true value—48%	
Approximate ratio taxes to true value—.48 of 1%	

WARREN COUNTY.

Total Assessment Roll, 1912—\$12,214,945

State and County Tax Rate—\$0.99½ per \$100

Approximate land area.....	339,200 acres
Land assessed in tracts.....	324,670 acres
Other lands.....	14,530 acres
Percentage of land area in farms—95%	
324,670 acres in tracts with improvements, assessed at.....	\$6,065,017 or \$18.68 per acre
321,926 acres in farms with improvements, census value.....	10,915,125 or 33.91 per acre
Probable ratio of assessed to true value—55%	
Approximate ratio taxes to true value—.55 of 1%	

WASHINGTON COUNTY.

Total Assessment Roll, 1912—\$4,865,270

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	191,360 acres
Land assessed in tracts.....	177,864 acres
Other lands.....	13,496 acres
Percentage of land area in farms—97%	
177,864 acres in tracts with improvements, assessed at.....	\$2,795,185 or \$15.71 per acre
185,848 acres in farms with improvements, census value.....	7,706,972 or 41.47 per acre
Probable ratio of assessed to true value—38%	
Approximate ratio taxes to true value—.46 of 1%	

WAYNE COUNTY.

Total Assessment Roll, 1912—\$4,126,223

State and County Tax Rate—\$0.95 per \$100

Approximate land area.....	377,600 acres
Land assessed in tracts.....	337,917 acres
Other lands.....	39,683 acres
Percentage of land area in farms—84%	
337,917 acres in tracts with improvements, assessed at.....	\$2,230,718 or \$ 6.60 per acre
317,375 acres in farms with improvements, census value.....	3,563,277 or 11.23 per acre
Probable ratio of assessed to true value—59%	
Approximate ratio taxes to true value—.56 of 1%	

WEBSTER COUNTY.

Total Assessment Roll, 1912—\$4,466,540

State and County Tax Rate—\$1.20 per \$100

Approximate land area.....	220,160 acres
Land assessed in tracts.....	201,492 acres
Other lands.....	18,668 acres
Percentage of land area in farms—93%	
201,492 acres in tracts with improvements, assessed at.....	\$2,121,388 or \$10.52 per acre
204,450 acres in farms with improvements, census value.....	6,334,062 or 30.98 per acre
Probable ratio of assessed to true value—34%	
Approximate ratio taxes to true value—.41 of 1%	

WHITLEY COUNTY.

Total Assessment Roll, 1912—\$5,967,734

State and County Tax Rate—\$1.15 per \$100

Approximate land area.....	374,400 acres
Land assessed in tracts.....	340,324 acres
<hr/>	
Other lands.....	34,076 acres
Percentage of land area in farms—66%	
340,324 acres in tracts with improvements,	
assessed at.....	\$2,803,794 or \$ 8.24 per acre
248,287 acres in farms with improvements,	
census value.....	2,863,107 or 11.53 per acre
Probable ratio of assessed to true value—71.5%	
Approximate ratio taxes to true value—.82 of 1%	

WOLFE COUNTY.

Total Assessment Roll, 1912—\$1,409,067

State and County Tax Rate—\$0.90 per \$100

Approximate land area.....	147,200 acres
Land assessed in tracts.....	143,382 acres
<hr/>	
Other lands.....	3,818 acres
Percentage of land area in farms—93%	
143,382 acres in tracts with improvements,	
assessed at.....	\$ 945,202 or \$ 6.59 per acre
137,508 acres in farms, with improvements,	
census value.....	1,460,716 or 10.62 per acre
Probable ratio of assessed to true value—62%	
Approximate ratio taxes to true value—.54 of 1%	

WOODFORD COUNTY.

Total Assessment Roll, 1912—\$10,553,284

State and County Tax Rate—\$0.99 per \$100

Approximate land area.....	124,800 acres
Land assessed in tracts.....	119,078 acres
<hr/>	
Other lands.....	5,722 acres
Percentage of land area in farms—97%	
119,078 acres in tracts with improvements,	
assessed at.....	\$6,347,387 or \$53.30 per acre
121,320 acres in farms with improvements,	
census value.....	11,543,015 or 95.13 per acre
Probable ratio of assessed to true value—56%	
Approximate ratio taxes to true value—.55 of 1%	

TABLE SHOWING THE DISTRIBUTION OF THE ASSESSED VALUATION, STATE BOARD AND LOCAL, OF PUBLIC SERVICE COMPANIES, BY COUNTIES, 1912 ASSESSMENT—Continued.

COUNTIES.	RAILROADS (Including Street Railways.)			GAS AND ELECTRIC.			TELEPHONE AND TELEGRAPH.			WATER, EXPRESS, PIPE LINE, FERRY, CAR LINE, ETC.		
	Tangible.	Franchise.	Total.	Tangible.	Franchise.	Total.	Tangible.	Franchise.	Total.	Tangible.	Franchise.	Total.
Menifee.....	\$ 35,736	\$ 215,802	\$ 251,532	—	—	—	\$ 18,740	\$ 39,257	\$ 58,097	—	\$ 5,448	\$ 5,448
Mercer.....	491,836	698,300	1,198,136	—	—	—	2,650	852	3,502	—	—	—
Metcalfe.....	—	—	—	—	—	—	2,700	2,132	4,832	—	—	—
Monroe.....	221,160	896,721	1,117,881	\$ 43,129	\$ 73,825	\$ 116,954	27,137	13,863	41,000	\$ 55,500	47,057	102,617
Morgan.....	95,170	7,410	102,580	—	—	—	18,120	15,735	33,855	10,288	13,305	23,593
Multienberg.....	914,137	1,910,582	2,824,699	28,950	3,500	32,450	17,643	8,639	26,282	5,406	21,919	27,695
Nelson.....	454,016	1,192,013	1,646,029	—	—	—	20,541	14,369	34,910	—	3,332	3,332
Nichols.....	142,450	483,013	625,463	—	1,850	1,850	17,043	13,500	30,543	4,400	4,400	4,400
Ohio.....	822,620	2,239,380	3,061,999	3,150	—	3,150	20,541	13,500	34,041	21,022	21,022	42,044
Oldham.....	574,250	602,078	1,176,328	—	—	—	12,770	21,916	34,686	2,840	2,840	5,680
Owen.....	—	—	—	—	—	—	2,350	2,254	4,604	—	—	—
Owsley.....	453,375	879,382	1,332,757	16,500	51,493	70,993	29,251	16,152	45,403	—	3,079	3,079
Pendleton.....	—	—	—	—	—	—	—	—	—	420	5,684	6,104
Perry.....	239,890	1,434,892	1,754,782	—	—	—	900	—	900	12,000	598	1,018
Pike.....	173,825	63,311	236,866	19,611	16,087	35,698	—	—	—	3,000	3,000	15,000
Pulaski.....	1,080,505	2,455,736	3,536,241	5,000	—	5,000	32,030	25,592	57,622	103,005	40,904	143,909
Robertson.....	691,550	1,076,438	1,767,988	—	—	—	—	—	—	—	—	—
Rockcastle.....	268,563	572,163	839,028	—	—	—	2,800	4,602	7,402	—	7,950	7,950
Rowan.....	—	—	—	—	—	—	640	1,663	2,303	—	3,358	3,358
Russell.....	840,120	1,430,432	2,270,552	31,721	53,279	85,000	57,811	48,135	105,946	—	4,850	4,850
Scott.....	541,895	2,091,121	2,633,016	—	—	—	46,700	41,873	88,573	—	10,351	10,351
Shelby.....	843,980	4,975,784	5,819,764	—	—	—	10,109	15,043	25,152	—	2,862	2,862
Simpson.....	35,175	414,624	450,799	—	—	—	2,738	2,255	5,003	—	—	—
Spencer.....	81,300	385,103	466,403	—	—	—	23,363	37,126	60,489	—	—	—
Taylor.....	540,155	621,630	1,161,785	—	—	—	3,508	3,476	6,984	—	4,069	4,069
Tell.....	75,000	226,778	302,778	—	—	—	8,000	1,762	9,762	5,000	6,125	11,125
Trimble.....	369,675	1,518,654	1,888,329	7,500	7,500	15,000	33,480	5,497	38,977	—	8,000	8,000
Union.....	1,255,925	1,190,511	2,546,436	28,325	16,675	45,000	36,194	126,407	162,601	—	13,351	13,351
Warren.....	72,120	348,659	420,809	15,000	2,500	17,500	17,410	3,607	21,017	4,120	7,778	11,898
Washington.....	—	—	—	5,400	—	5,400	9,396	2,710	12,106	—	—	—
Wayne.....	568,655	1,572,779	2,141,434	13,125	6,875	20,000	21,615	14,063	35,678	85,381	161,384	246,765
Webster.....	881,325	2,507,675	3,389,000	—	—	—	9,396	2,710	12,106	—	12,590	12,590
Whitley.....	72,140	25,692	97,832	—	—	—	17,598	30,123	47,721	—	27,630	27,630
Wolfe.....	478,162	1,196,170	1,674,332	9,000	6,000	15,000	21,144	39,278	60,422	—	1,975	1,975
Woodford.....	—	—	—	—	—	—	—	—	—	—	—	—
State.....	\$72,416,480	\$108,203,962	\$180,620,442	\$5,108,574	\$3,292,692	\$13,401,266	\$3,525,257	\$2,974,965	\$6,500,222	\$1,414,541	\$2,299,132	\$3,703,733
Total.....												

*Exclusive of \$3,500,000, Southern Pacific Co.

ESTIMATE OF DISTRICT ASSESSOR'S ALLOWANCE BASED ON ASSESSMENT OF 1911.

Computed as Provided in Proposed New Article 11 § 22.

District 1.		Paid 1911
Fulton -----	\$5,293,224	\$899.10
Hickman -----	4,733,683	778.12
Carlisle -----	2,766,431	576.61
Ballard -----	3,484,839	628.62
Graves -----	10,904,249	1,277.73
Marshall -----	3,213,121	624.33
McCracken -----	13,740,599	1,765.68
Total -----	\$44,136,146	\$6,541.19
Allowance at \$400 per county and 1¼c on \$37,136,146=\$7,442.		

District 2.		Paid 1911
Calloway -----	\$4,889,862	\$846.68
Trigg -----	3,208,904	636.41
Christian -----	11,663,865	1,616.21
Lyon -----	1,814,485	485.65
Livingston -----	3,068,879	636.99
Crittenden -----	3,252,831	755.19
Caldwell -----	3,590,071	629.08
Hopkins -----	7,473,091	1,099.65
Total -----	\$38,961,988	\$6,705.86
Allowance at \$400 per county and 1¼c on \$30,961,988=\$7,070.		

District 3.		Paid 1911
Union -----	\$9,308,363	\$1,334.08
Henderson -----	14,363,291	1,781.98
Webster -----	4,565,179	778.93
Total -----	\$28,246,833	\$3,894.99
Allowance at \$400 per county and 1¼c on \$25,246,833=\$4,355.		

District 4.		Paid 1911
Daviess -----	\$17,409,053	\$2,277.20
Ohio -----	5,544,787	853.15
McLean -----	3,023,923	523.20
Hancock -----	2,204,989	533.67
Grayson -----	2,742,412	599.08
Breckinridge -----	4,959,617	855.68
Meade -----	3,172,793	638.65
Hardin -----	6,297,404	946.05
Total -----	\$45,264,978	\$7,226.68
Allowance at \$400 per county and 1¼c on \$37,264,978=\$7,858.		

District 5.		Paid 1911
Simpson -----	\$3,591,640	\$693.71
Todd -----	4,326,754	743.46
Logan -----	6,120,985	992.54
Muhlenberg -----	4,605,014	133.09
Allen -----	2,652,965	545.04
Warren -----	21,721,118	2,393.60
Eutler -----	2,821,045	585.52
Edmonson -----	1,948,429	414.84
Total -----	\$38,787,950	\$6,501.80

Allowance at \$400 per county and $1\frac{1}{4}$ c on \$30,787,950=\$7,049.

District 6.		Paid 1911
Barren -----	\$5,681,775	\$893.22
Hart -----	3,838,580	502.87
Larue -----	3,340,293	718.79
Nelson -----	7,452,091	1,169.12
Bullitt -----	3,035,142	636.21
Green -----	1,429,499	428.56
Taylor -----	1,955,340	515.18
Marion -----	5,324,290	176.74
Washington -----	4,750,885	858.86
Adair -----	2,898,557	625.63
Russell -----	1,747,270	490.61
Cumberland -----	1,965,840	499.80
Monroe -----	2,590,893	563.31
Metcalf -----	1,833,759	482.43
Casey -----	2,241,844	522.68
Total -----	\$50,085,058	\$9,294.01

Allowance at \$400 per county and $1\frac{1}{4}$ c on \$35,086,058=\$10,385.

District 7.		Paid 1911
Spencer -----	\$2,673,758	\$555.21
Shelby -----	12,449,900	1,795.04
Anderson -----	3,232,462	642.25
Oldham -----	4,203,118	790.66
Trimble -----	1,953,453	498.21
Henry -----	6,059,544	880.50
Total -----	\$30,572,235	\$5,161.87

Allowance at \$400 per county and $1\frac{1}{4}$ c on \$24,572,235=\$5,472.

District 8.		Paid 1911
Mercer -----	\$7,502,453	\$1,206.02
Boyle -----	8,809,229	1,367.54
Lincoln -----	6,789,847	1,120.65
Garrard -----	6,474,052	981.57
Clark -----	11,658,820	1,389.62
Powell -----	915,732	386.73
Madison -----	12,708,895	1,822.65
Jessamine -----	7,218,338	1,152.24
Total -----	\$62,076,366	\$9,427.52
Allowance at \$400 per county and 1¼c on \$54,077,366=\$9,960.		

District 9.		Paid 1911
Franklin -----	\$8,347,679	\$1,275.28
Woodford -----	10,769,809	1,594.38
Scott -----	10,479,411	1,479.42
Bourbon -----	17,272,008	2,176.22
Fayette -----	36,136,884	3,872.50
Total -----	\$83,005,791	\$10,397.80
Allowance at \$400 per county and 1¼c on \$79,005,791=\$11,751.		

District 10.		Paid 1911
Boone -----	\$7,595,564	\$1,171.43
Carroll -----	3,330,956	654.15
Gallatin -----	1,403,177	435.47
Grant -----	3,790,113	647.32
Owen -----	3,617,310	683.64
Kenton -----	33,118,714	3,672.93
Campbell -----	25,834,608	2,936.56
Total -----	\$78,690,442	\$10,201.50
Allowance of \$400 per county and 1¼c on \$72,690,442=\$11,760.		

District 11.		Paid 1911
Pendleton -----	\$3,829,580	\$711.37
Harrison -----	8,743,140	1,221.39
Nicholas -----	4,933,152	822.22
Robertson -----	1,120,005	412.12
Bracken -----	3,872,272	696.54
Mason -----	10,682,263	1,501.82
Fleming -----	6,427,150	1,034.60
Total -----	\$39,607,562	\$6,400.06
Allowance at \$400 per county and 1¼c on \$32,607,562=\$6,876.		

District 12.		Paid 1911
Greenup -----	\$2,650,075	\$599.89
Lewis -----	2,904,584	570.29
Boyd -----	8,567,491	1,166.55
Bath -----	5,076,799	820.13
Montgomery -----	6,698,710	1,099.22
Rowan -----	1,334,367	438.29
Menefee -----	852,768	374.77
Carter -----	2,457,706	562.15
Elliott -----	1,058,709	405.96
Lawrence -----	3,005,884	628.13
Morgan -----	2,708,777	594.12
Total -----	\$37,315,870	\$7,259.50
Allowance at \$400 per county and 1¼c on \$26,315,870=\$7,689.		

District 13.		Paid 1911
Breathitt -----	\$2,780,527	\$109.08
Lee -----	1,169,228	433.33
Wolfe -----	1,472,501	457.89
Estill -----	1,495,116	444.31
Johnson -----	3,021,161	636.24
Martin -----	1,331,505	428.77
Pike -----	5,582,732	892.41
Knott -----	1,921,708	514.97
Magoffin -----	1,535,049	389.94
Floyd -----	3,235,600	665.64
Leslie -----	2,039,124	516.25
Letcher -----	2,529,947	428.50
Owsley -----	973,677	416.29
Perry -----	1,898,579	477.44
Total -----	\$30,986,474	\$6,781.06
Allowance at \$400 per county and 1¼c on \$16,986,544=\$7,723.		

District 14.		Paid 1911
Jefferson -----	\$199,467,925	\$37,473.28
Allowance at \$400 per county and 1¼c on \$199,467,925=\$25,208.		

District 15.		Paid 1911
Bell -----	\$5,722,087	\$803.84
Harlan -----	3,940,109	706.12
Jackson -----	1,591,648	463.03
Laurel -----	2,843,911	1,157.27
Clay -----	2,388,862	566.02
Rockcastle -----	1,696,163	483.21
Clinton -----	1,324,350	431.00

Pulaski -----	5,889,089	953.69
Wayne -----	4,188,972	761.19
Knox -----	3,784,614	698.84
Whitley -----	5,849,617	919.95
McCreary -----		-----
Total -----	<u>\$39,219,422</u>	<u>\$7,944.16</u>

McCreary County was not assessed separately from the three counties out of which it was cut, therefore the assessed value of that property is included in the property within Pulaski, Wayne and Whitley.

Allowance at \$400 per county and $1\frac{1}{4}$ c on \$28,219,322=\$7,926.

Total assessed value of all districts \$846,427,020. Paid 1911, \$141,211.28.

Allowance at \$400 per county and $1\frac{1}{4}$ c on \$727,427,020=\$138,525.

AN ACT

PROVIDING FOR A TAX ON SECURITIES IN LIEU OF ALL OTHER TAXES.

§ 1. Mortgages, secured debts and stock of foreign corporations to be a class—Mortgages, secured debts and certain shares of stock, all as defined and described in section two of this article, except those described in section three of this article, are hereby declared to constitute a class of property within the meaning of section one hundred and seventy-one of the Constitution of Kentucky as the same was amended in November, 1913. This class shall, for convenience of reference in this article, be called "securities." All other classes of property than securities shall be the classes of property subject to State and to local taxation as provided in said section of the Constitution. It shall be optional with the owner or holder of any such securities to pay on them the State lieu tax provided for in this article, which if paid shall be in lieu of all other taxes, State and local, or to list the securities with the assessor as other property is listed for purposes of taxation.

§ 2. Securities defined—The term securities as used in this article shall include:

(1) Every debt secured by mortgage, or secured by a deed of trust, or which is a lien on real estate, whether such mortgage be recorded in this State or elsewhere.

(2) Every debt represented by a bond, note or other debenture forming a part of a series of similar bonds, notes or debentures secured by a mortgage of real estate or personal property, or both whether such mortgage be recorded in this State or elsewhere.

(3) Every debt represented by a bond, note or other debenture, forming part of a series of similar bonds, notes or debentures, secured by the deposit of any valuable securities as collateral, under a deed of trust or collateral agreement held by a trustee.

(4) Every debt represented by a bond, note or other debenture, forming part of a series of similar bonds, notes or debentures, which by their terms are payable more than one year from the

date of their issue, the payment of which is not secured by mortgages or by the deposit or pledge of any collateral security.

(5) The shares of stock in any corporation which does not report and pay taxes upon its property in this State, including its special and corporate franchises, whether such corporation be organized under the laws of this State or country.

§ 3. **Securities excepted**—The tax provided for in this article shall not apply to the following classes of secured debts and stocks:

(1) The bonds of Kentucky and of the counties, municipalities, taxing and school districts therein excepted by the Constitution of this State.

(2) Any mortgages, secured debts or shares of stock belonging to any bank or trust company taxed in this State, but not any securities held by them in trust or as collateral for loans.

(3) The shares of stock in banks and trust companies reported to and assessed by the State Tax Commission.

(4) Mortgages given by corporations and stocks, bonds, notes or debentures held as collateral when either are the security for a series of taxable bonds, notes or debentures, when the taxation thereof and of the bonds, notes or debentures secured thereby would constitute double taxation.

§ 4. **The tax rate**—The State lieu tax shall be at the rate of forty cents per annum on each one hundred dollars of the amount of the debt secured, taken at par, or of the fair cash value of the shares of stock, and may be paid annually or for as many years in advance as the owner or holder of the security shall elect.

§ 5. **Tax—How paid**—Any person may take or send to the office of the Auditor of Public Accounts any security upon which he desires to pay the State lieu tax, or he may send a description of the same, and may, at the same time, tender to the State Treasurer the amount of the lieu tax on such security for the period for which he may elect to pay the tax.

If the securities be shares of stock, he shall accompany the certificates or the description of the stock with an affidavit verified by himself, by a reputable banker, or by a responsible officer of the corporation issuing the stock, setting forth the fair cash value of the stock. If the stock be listed and has been quoted on any stock exchange as often as once a month during the preceding twelve months, the affidavit shall set forth that fact and shall set

forth the highest and lowest prices at which the stock was sold during the twelve months and the last selling price, or if no transfers have taken place, it may set forth the highest and lowest price bid and the highest and lowest price asked. The affidavit must also set forth the name, residence and postoffice address of the owner of the security. These affidavits shall be laid before the State Tax Commission, who shall immediately fix and determine the fair cash value of the shares of stock and certify it to the Auditor.

When any mortgage is for an indefinite amount, so that the principal of the debt secured thereby cannot be determined from the terms of the mortgage, or if the mortgage be given to secure the performance by the mortgagor, or any other person of a contract obligation, other than the payment of a specified sum of money and the maximum amount secured, or which by any contingency may be secured by the mortgage, is not expressed therein, such mortgage shall be taxable upon the value of the property covered by the mortgage, which shall be determined by the State Tax Commission on the basis of affidavits in such form and of such content as the Commission shall prescribe or from other sources of information.

When the Auditor of Public Accounts has ascertained that the amount of the tender is the correct amount of the lieu tax to be paid, he shall direct the Treasurer to accept the same and shall, as soon as the tax be covered into the State Treasury, make an indorsement upon the security, or shall give a receipt for the tax thereon, describing the security and setting forth the amount of the lieu tax paid, the period for which it has been paid, and the fact that this tax is in lieu of all other taxes, State and local, in Kentucky. No security so endorsed, or accompanied by a receipt setting forth the payment of the State lieu tax, shall be assessed in Kentucky by a tax commissioner during the period for which the tax has been paid. Securities upon which the lieu tax has not been paid shall be listed with and assessed by the district or county.

§ 6. **Adhesive stamps**—Adhesive stamps shall be prepared by the Auditor of Public Accounts in such form, or design, and of such denomination and in such quantities as he may determine, which may be used to receipt for lieu taxes. Upon the payment

of the tax on any security, the Auditor of Public Accounts shall affix stamps of the proper denominations and equal in face value to the amount of the tax paid, to the security or to the receipt for the tax, and shall cancel the stamps by the seal of his office or by such other device as he may prescribe.

§ 7. **Record of securities**—The Auditor of Public Accounts shall keep a record of all securities upon which the lieu tax is paid, by whom paid, together with the names, residences and postoffice addresses of all the owners. This record shall at all times be open to the inspection and use of the State Tax Commission.

§ 8. **Branch offices**—The Auditor of Public Accounts may, if he deem it necessary for the convenience of taxpayers, make the sheriff of any county in which there is a city of the first or second class, his deputy for the collection of the lieu tax on securities, other than shares of stock, and may give into custody of such sheriff stamps and cancelling devices, and in that event the sheriff is authorized to receive the taxes tendered and shall remit them not less frequently than once a month to the State Treasury. He shall, however, not receive any taxes on shares of stock. The sheriff shall also send in to the Auditor at least once every month all the records of the securities upon which the taxes have been paid. The Auditor of Public Accounts shall fix the compensation of the sheriff for these services, which shall, in no case, exceed two and one-half per cent. of taxes collected, nor more than four hundred dollars per annum to any one sheriff.

§ 9. **Illegal use of stamps—Penalty**—Any person who shall wilfully remove or cause to be removed, alter or cause to be altered the cancelling or defacing marks of any adhesive stamp provided for by this article with intent to use the same or to cause the use of the same after it shall have been used, or shall knowingly or wilfully sell or buy any washed or restored stamp, or offer the same for sale, or give or expose the same to any person for use, or knowingly use the same or prepare the same with the intent for the further use thereof; or shall wilfully use any counterfeit stamp or any forged stamp with intent to defraud the Commonwealth of Kentucky, shall be guilty of a misdemeanor, and on conviction thereof shall be liable to a fine of not less than five hundred nor more than one thousand dollars, or be imprisoned for

not more than six months, or by both such fine and imprisonment, at the discretion of the court or jury.

§ 10. **Tax Commission to act**—The State Tax Commission shall, through its deputies, make every effort to bring this lieu tax to the attention of the taxpayers and especially to the owners of any mortgages of record and shall use every means in its power to find out and assess any securities upon which the lieu tax is not paid.

THE USE OF STANDARDS IN REAL ESTATE ASSESSMENT*.

BY A. C. PLEYDELL.

Secretary, New York Tax Reform Association. Corresponding Secretary, International Tax Association.

An accurate assessment of real estate requires the listing of all property in the district at its proper value. The law in Ohio provides that the assessor shall be supplied with maps giving the dimensions of the different parcels of real estate in his district. Assuming that the assessor is properly equipped with maps and other records, this address will deal only with methods of valuation.

A fair valuation of real estate for taxation requires judgment and system. No rules can be laid down that will dispense with the need for the exercise of judgment by the assessor. Nor can a fair assessment be made without the use of some rules, however crude, for testing and correcting the variations of judgment that cannot be avoided in dealing with a quantity of properties.

A basis for valuation.

The first problem that confronts the assessor is to find a basis for valuation.

The value of real estate and especially of land is always a matter of opinion. The price that can be obtained for a parcel of real property is determined by the individual judgment of the buyer as to its present actual or possible earning power, or its future earning capacity.

Prices actually received are a guide to value but are not conclusive. The law does not contemplate, nor does justice require, the assessment of any piece of real estate at a value based on unusual conditions. One lot may be sold very cheap because of an immediate necessity; a similar lot adjoining may bring a high price because of a special desire for it; yet the actual market value

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might be exactly the same, as would be seen if both the new owners sold their lots under ordinary conditions.

The assessor cannot take notice of all the differences of opinion, but must decide for himself upon the ordinary, normal value of any given piece of property. It is important, in order to secure equality between the different taxpayers, that this same test of ordinary or normal value shall be applied in the assessment of all the real estate with which he has to deal.

In this determination of what might be termed a general standard, amid the varying fluctuations of the market, a proper system will help the assessor in the application of his judgment of values.

In assessing many parcels of property it is impracticable and unnecessary to pass individual judgment upon each one, based upon the testimony of prospective buyers and sellers. If this could be done, the resulting assessment would be more uneven than one made under a fairly good system, without actually viewing any of the property.

When from his general knowledge, or as the result of inquiry and examination of records, the assessor is reasonably satisfied of the actual value of a certain number of parcels of real estate in his district, how can he best use that information in valuing the rest of the property, concerning which he has no exact knowledge? And how can he reconcile and average the valuations concerning which he has information? This work can be simplified a great deal by keeping in mind a few general principles and following some simple rules.

Assessment of land.

Real estate consists of two elements that must be considered separately in valuation to secure a correct assessment; land, and the improvements on the land.

This is recognized by the Ohio law, which provides separate columns on the assessment list for the statement of the valuation of each of these elements, and also for their aggregate sum.

The land must be considered first, as it is fundamental and extends throughout the assessment area, which may contain a great deal of unimproved property.

The value of a parcel of land in cities is determined by its location, its area, and its nearness to the grade level of the street. The selling price of any one plot of land at a particular time depends partly upon the judgment of the buyer; its general market value is fixed by the collective opinions of the many individuals who make up the market for that particular parcel of land, or similar land in the neighborhood. As the present or possible earning power will be the principal factor governing the opinions of these various individuals, it may be said that, generally speaking, the earning power (actual or possible), or what the economists call the net rent, governs the selling value of land. This is, however, not in all cases conclusive.

Any competent builder can go to a strange city and make off-hand a fairly close estimate of the value of any building. But no one can tell the value of land in a strange city without consulting residents and property owners. Even then he will find differences of opinion.

It is because the value of land is so much a matter of opinion, that it is necessary for the assessor, first, to ascertain the opinions of as many competent judges of values as possible, then to tabulate this and other information in such way as to secure some uniformity. By following a few simple rules, an assessment can be made that will be fair as between property owners.

The Tax Department of the City of New York has to assess annually real estate valued at more than six billion dollars, of which three billion, eight hundred million dollars is land value; and must deal with buildings worth millions of dollars each, standing on land valued as high as \$20,000 a front foot, or from fifteen to twenty million dollars an acre. In order to do this work thoroughly and equitably a system has been built up gradually that is probably the most complete in use.

"Unit" front foot values.

The method employed in the city of New York for a number of years and more recently developed by the publication of its land value maps, can be adapted for use anywhere.

The essential feature of this plan is to ascertain the front foot value for lots of normal depth in each city block, far enough from the intersecting streets not to be influenced by corner values.

These "unit" or front foot values are determined by the answer to this question: "What is an ordinary sized lot in the middle of this block worth?" In the old city of New York the great majority of lots are 100 feet deep and the normal width is 25 feet; in many parts of Brooklyn 20-foot lots are the usual size.

In making their assessments, the assessors put down on their field maps the "unit" front foot value for each block, which they have decided to be the fair value for a regular lot 100 feet deep. This unit is used in calculating the land value of the lots along that block frontage. Allowance is made for grading in the case of vacant lots not at the street level. Corner lots are increased on the basis of rules that have been worked out in some detail, allowance being made for any difference in the unit values along the two streets on which the corner lot fronts.

Irregular lots.

The value of lots less than 100 feet deep is determined usually in accordance with a scale called the Hoffman Rule, as modified by the department. This scale, laid down by Judge Hoffman years ago, is based on the theory that a lot 50 feet deep is worth two-thirds as much as it would be if it were 100 feet deep; and other dimensions in proportion. In other words, that the value of a lot of normal width, especially in the city, depends largely upon its frontage. This proportion may not apply to small towns, but some rule can be established by every assessor for his own guidance.

This year the Tax Department has published maps covering **the entire city**, on which are shown these unit values of street frontage for every block in the city. The public can now inspect these maps and criticize the work of the assessors. Anyone familiar with the value of property at a certain location can see whether the assessment coincides with his view; or, if he finds the value correct in a location with which he is familiar, can readily compare surrounding property.

Using the map system.

From the assessor's standpoint, the greatest value of this method of setting down the so-called unit values, is that it will enable him to keep his assessment regular. For example, as a general rule, the value of land in a small town will decrease as

the distance from the railroad station or business center increases, and in a city will go down between business districts.

The assessor before making up his map, will ascertain by due inquiry the prevalent opinion of the value of land in certain blocks in his district, as shown by sales or otherwise. Then he can put down on his map the front foot value upon which he determines as being the normal value for each block. If he has no information regarding some blocks he may be able to strike an average from surrounding property.

Looking at the completed map he will find usually that these unit values become smaller and smaller, along a street leading away from the center of town, or from a business thoroughfare. If after decreasing regularly for several blocks, there is a sudden increase and then a still more sudden drop, it is obvious either that there are exceptional conditions in that block or that there is something wrong with the assessment. The assessor is put on notice, and has the chance to investigate and perhaps correct the assessment, instead of leaving an over-valuation that will be unjust and may result in appeals and litigation.

In the same way, a sudden drop in value, below the values in either direction, may need investigation. In the case of vacant suburban land, it may be that the land is not at grade in that block, and the value is reduced because of the cost of grading.

Where, as in New York, most lots are 100 feet deep, it is best to determine on the unit value for that depth, even though all the lots on the block may be somewhat shorter or longer; so that in reading along a street the figures will be comparable.

However, in a town where there is considerable variation and in one block the lots will be 100 feet and in another block 150, it may be advisable to take the usual depth of each block and mark the map with a unit value based on that depth and then enter under it the depth, just as in writing a fraction.

When these unit values are determined on, it is then merely a matter of arithmetic to fix the value of the land for each regular inside lot, by multiplying the frontage of that lot by the "unit" or one foot front value. Allowance must be made for lots of irregular shape, or varying depths. Corner lots and sometimes those near a corner must have something added for the corner value, but so much depends on local conditions that no positive rule can be laid down for ascertaining this additional value.

Assessment of buildings.

Having settled the question of the proper assessment for the land valuation, there still remains the problem of valuing the building.

In the City of New York the law does not require a separate statement of building value, but only of the land value and the total value. From the assessment roll it is easy to calculate that the value of the building is the difference between these two sums.

As a matter of fact, that is exactly the way in which the value of the building always can be determined. A building is never worth more than the difference between what the parcel of real estate will sell for with the building on it and what it would sell for if it were a vacant lot.

In the case of new buildings, this difference will be practically the cost of reproducing the building. In the case of old buildings, or those which are not adapted to the site, the difference may be very small or none at all.

Everyone knows that there are buildings that it would be expensive to replace and which do not add enough to the value of the land on which they stand to pay for what it would cost to remove them.

However, in assessing a building and lot it is not always practicable to determine exactly what the combination will bring in the market, any more than it can always be ascertained accurately just what a piece of vacant land will bring. Therefore, it becomes advisable to adopt some rules which will result in an equitable assessment of building values so that when they are added to the land value the total assessment will be a just one.

Here again, a system of unit values can be employed, based on the relative value of different classes of buildings. This method also has been followed in New York. Buildings of the same class generally are about the same height between floors, and therefore the New York Tax Department has adopted a "square foot" unit system, which is simpler than the cubic foot method used by contractors. The plan is this: A certain kind of store building is known to cost \$5 a square foot of floor space. The square foot of ground floor is measured, multiplied by the number of stories, and this in turn is multiplied by five. The result is the building value. A different unit, say \$4, would be used for store property

of an older construction, and other kinds of property are classed at rates that vary according to the general value, in each case, of that kind of building.

This plan can be adapted to suit local conditions and under it a proper allowance can be made for old-fashioned buildings or for residences which may have become less desirable because of a change in the character of the neighborhood.

In a small town, it may be easier to divide residences into classes, according to their types, especially the cheaper houses, which are fairly uniform in cost for any certain size or number of rooms. In some cities where there is a great variation in styles of houses, it may not be practicable to fix units for some residence property. But the plan can always be used for business buildings, factories and warehouses.

It must be remembered, however, that an assessment of a building and lot made by adding the value of the land to the value of a building, as calculated by any fixed rule, may not represent the actual selling value. Assessments so made should always be checked up, by considering the known selling value of similar property. If the total assessment is too low, the land value unit has been made too low, and the surrounding units should be gone over and corrected. If the total assessment is too high, it will be usually because in that case the building is not suited to the site, and the total assessment should be reduced accordingly.

The distinction must always be kept in mind that land values in cities or towns is location value and will be fairly uniform in any neighborhood, while the building value depends very much on the circumstances in each case.

Suburban property.

Real estate in suburban districts or smaller towns can be assessed by rules similar to those outlined for city real estate assessment. The only feature that may occasion some difficulty is where a residence is surrounded by quite extensive grounds. Here there may be a value, which is not really a land value, due to such improvements of the lot by gardening, etc., as make it desirable for residence purposes, and which is not strictly a building value. However, such cases are rare. In the ordinary case of a house on a small lot in the suburbs, the land should be assessed just the

same as a vacant lot, which is at grade, and any additional value due to terracing or grading the lawn should be treated as a part of the building. Such improvements add no more to the value of the land than does the digging of the cellar; and both cellar and terracing might be entirely worthless to a man who wished to put up another kind of a building on that spot.

Farm property.

To assess real estate in the country districts, some modification of the rules above set down is necessary, but the same principles can be allowed.

Instead of determining a front foot value, an assessor should decide on acreage values, taking into consideration the average character and location of the land.

These values should be classified according to the character of the district. In some cases these classes will be found useful: good farming land, medium land, poor land, swamp land, hillside sloping land, wild brush land. Find the values for each in the best location, that is, nearest to town; and if necessary make another set of values for more distant land. Good farm land at a distance from a railroad may not be worth as much as medium land near the station.

If need be the assessor in viewing property can outline roughly the area of any farm that comprises several kinds of land, and the acreage of each. Then in making up the map the value of each class can be entered; as, 30 acres, good, \$40; 10 acres, swamp, \$10; total land valuation, \$1,300.

By deciding from the best information possible the value of farm land in different parts of his assessing district, and writing those figures in on the map, it will not be difficult to notice whether a proper allowance is made in these values for the distance from a town or railroad station, or for some sharp change in the general character of the district.

In dealing with farm buildings the assessor can adopt a unit for barns or sheds of different types, which will vary perhaps from 20 cents to \$2 a square foot. Then by measuring the building, if only by "stepping it off" he can feel that he is treating all owners of the same class of property alike.

The need of standards.

The essential thing is to establish some sort of standard so that the varying judgment not merely of the assessor, but of those upon whom he must necessarily rely, can be checked and brought into harmony.

Take any dozen men and their opinions as to the value of a given piece of property will differ. The opinion of one man as to the relative values of different pieces of property will differ very often, according to a state of mind or climatic conditions. On a bright spring day almost anyone will have a higher opinion of the value of a piece of real estate than if he were looking at it through a November fog.

These variations might result in serious injustice if the owner of a rather poor piece of property were assessed on a bright day and his neighbor, with better property, were assessed on a foggy day, and as a result both were assessed at the same amount. If the conditions of the weather were reversed the injustice might be the other way and the poor property be taxed way below its value, and the better property be taxed far more than it was really worth.

It is the duty of the assessor to make all the allowances he can for these differences of condition, and of opinion. In this work the establishment of standards, and the entering of unit land values upon the assessment maps will be of great assistance. Without such helps it is impossible for any assessor, no matter how well-intentioned he may be, to keep the assessed values of real estate equitable.

TAX MAPS.

BY EDWARD L. HEYDECKER,

Assistant Tax Commissioner, City of New York.

Whenever the subject of assessment of real estate for purposes of taxation is considered, whether it be in addresses on the subject or in reports of tax commissioners, or in conventions called for the purpose, it will be found that by far the greater part of the discussion is directed to the review of assessments, after they have been made by the local assessor. The work of the local assessor is little considered, and if considered at all, usually comes in for denunciation, rather than for praise. The thought of improving the tools of the assessor, of providing him with better means and instruments for doing his work, rarely gets any consideration.

We have built from the top down. We should reverse this process and build from the bottom up. It is all right to provide for publicity of the work of assessment and to afford every means to correct errors and safeguard the taxpayers against inequality, but it is of even greater importance to provide the assessor with the means of doing his work accurately in the first place.

Primarily, the tools of an assessor are his map, his field book and his assessment roll. He needs all three and most of all he needs a map. He can provide himself with a field book and an assessment roll, but only in exceptional cases can he prepare his own map. Yet, without the map, his field book, even if it be kept most diligently must be largely meaningless, and his assessment roll will show on many pages the omissions and inaccuracies which can be guarded against only by a map. But, in the State of New York, we have tax maps in only a few of the larger cities and in a few of the progressive villages.

By Chapter 315 of the Laws of 1911 we have changed the form of our assessment roll and have introduced changes in the methods of assessment which make it all the more important to have a proper tax map. Heretofore the assessment has been against the owner of the land; from now on it is to be against the land itself. The old distinction between resident and non-resident owners is

gone. The name of the owner hereafter forms no part of the roll and is to be continued and used merely as an aid to identify the parcel assessed, so that the need of an accurate description of the land is now a matter of importance and to get an accurate description we must have a map.

No one will deny the great advantage of a tax map. It is self-evident. But the cost of tax maps has always been urged against any proposal to provide them. This idea of large cost, however, arises because the only map which has been considered has been a map based on an accurate and elaborate survey made by some competent surveyor. Necessarily, such a map is expensive. But can we not obtain a serviceable tax map that will not be expensive? This paper is an answer to that question.

Let us consider tax maps in two parts. First, for towns outside of villages; and second, for cities and villages.

Town tax maps.

The United States Geological Survey has nearly completed a topographical survey of the State of New York. The maps of this survey are printed on sheets 16½x20 inches, each showing a rectangular area 15 minutes of longitude by 15 minutes of latitude. These maps are drawn to a scale of one inch to the mile and show all streams, lakes, marshes and water courses, and all roads, railroads, cities, towns and villages. Two hundred and eleven sheets have been printed for the State of New York and forty-five sheets are still to be issued. So that we have more than four-fifths of the State accurately mapped on a scale of one mile to the inch. These maps, in addition to showing water courses, marshes, highways and railroads, also contain contour lines, showing the elevation of the surface above sea level.

If we can eliminate the contour lines and enlarge the scale of the map to a proper size, we shall have an excellent map as a basis for a tax map. It is a simple task for a draughtsman to make from these topographical maps a tracing of the whole area of a town, showing on such tracing the highways, railroads, cities and villages, and also showing the streams, marshes, water courses, lakes and ponds. This will give us the map without the contour lines, which tend to confuse the eye and are not needed on a tax map.

It is an equally easy task to make a photographic enlargement of this tracing of a size that will give six inches to the mile, that is to say, 880 feet to one inch. On such a scale a very satisfactory tax map of a rural district can be drawn. If such a scale is found to be too small, the enlargement may be increased, until the proper scale is produced.

From this photographic enlargement on the scale of six inches to the mile the draughtsman may now make new tracings on sheets of some standard size, for example, twelve inches by eighteen inches, to cover the entire area of the town. And from these tracings, prints can be produced in any number desired.

We will then have a series of sheets 12x18 inches, showing the entire area of the town, on the scale of six inches to the mile, or 880 feet to one inch, on which we will have located with an accuracy sufficient for our purpose, all highways, all railroads, and cities and villages, all water courses, marshes, streams, lakes and ponds. In other words, we will have a basic land map of the town, ready for the drawing in of the boundary lines of each farm, or lot, which is separately owned and separately assessed.

These topographical maps also show every building on the land, and if these buildings are reproduced in the tracings, enlargements and prints, we shall have each group of farm buildings located on our basic land map.

Now suppose that each board of assessors is furnished with a sufficient number of sheets of this land map of their town. The task before them is to draw in pencil upon such map the boundary lines of each farm, or lot, as they understand such boundaries to be, and enter on each separately assessed farm, or lot, on such map, the name of the owner of the farm, or lot, and the number of acres supposed to be contained therein. This is not a difficult task, for, bear in mind, the map will show each highway with all its bends and turns, each stream with its bends and turns, each bridge across a stream, each lake or pond, or marsh, each group of farm buildings, each separate house along the highway, and each city or village in the vicinity. The only thing needed is to draw in the farm boundaries according to their best judgment.

Next let the assessors make several copies of the map as drawn by them and hang them up for public inspection in several places in their town and invite criticism of their draughtsmanship on the

boundary lines from their neighbors and the taxpayers. After a sufficient interval, let the assessors appoint a time for hearing protests and corrections. Let it be announced that those who protest against the accuracy of the map and claim that the parcels owned by them are too large, as shown on the map, or are inaccurate as to shape or location, or for any other reason, will be expected to produce their deeds or surveys to assist the assessors in correcting the map. As a result of such protests, the assessors can correct their maps and again hang them up for inspection. In this way, it will not be long before they have a tax map which will be accepted as fairly accurate by the taxpayers of the town.

The next step towards accuracy in the tax map is to measure the frontage on the highway of each separately assessed farm, or lot. In the whole State of New York, outside of the cities and villages, there are 75,000 or 80,000 miles of highway. We have 933 towns, so that each town contains on the average 75 or 80 miles of highway.

Two men with a tape line can easily measure four miles a day, so that inside of one month the entire frontage of all the land abutting on the highways within a town, outside the villages, can be measured and entered on the map. This will leave only the interior boundary lines to be accurately determined. The cost of such frontage measurement should not exceed \$150 for each town and in most cases would be less.

To locate accurately the interior boundary lines between the farms may require a survey, but that is by no means the only way. As the map progresses toward accuracy the interest of each land owner to have his farm, or lot, accurately plotted on the map will increase proportionately. For only by having it accurately plotted and having his neighbors' farms accurately plotted, can he be certain that both he and they are paying taxes in a fair and equitable proportion. I believe that the request by the board of assessors to each land owner to produce his deed or survey for their inspection to assist them in getting his boundaries accurately plotted on the map will be met by the prompt production of the deed or survey and by all the assistance that the owner can give the assessor. Many owners have among their title papers maps of their property which, of course, if produced for the inspection

of the assessors, would be a great help in an accurate plotting of farm boundaries.

Finally, when such map has been prepared as indicated, the assessors should forward to the State Board of Tax Commissioners as clear and accurate a copy as they can make. The State board, through its draughtsman, may then prepare a carefully drawn map, showing all buildings, boundaries and frontage of each farm and lot with the owner's name and supposed area. The State board may then number each separate parcel in some convenient order and certify the map to the assessors. Thereafter the assessor can describe each farm, or lot, by its number on the map in their assessment rolls. When a farm or lot is subdivided, on the production of the deed to the assessors they can subdivide the farm on the map and give a new number to the part that is cut off from the original farm or lot.

Cost of such tax maps.

The area of the State of New York is 49,170 square miles. We have 933 towns. This gives an area of 50 square miles to each town, after deducting the area in cities and villages. Six square miles can be shown on a sheet 12x18 inches, on a scale of 6 inches to the mile. But many of the towns are of irregular shape. Let us assume ten sheets required for each town, or 9,330 sheets for all the towns. Add 933 sheets, or one for each town, on the original scale of one inch to the mile, and we have a total of 10,363 sheets. Assuming that one draughtsman can complete three sheets a day, we find that twelve draughtsmen could produce all these sheets within one year. Making a proper estimate for the salaries of the drafting force, for materials, for photographic enlargements and prints, it is fair to assume that \$25,000 would enable the State board to furnish the original basic land maps to each board of assessors. If the State cannot pay this and if we put the charge upon the town, it would cost each town \$25 for such land maps. Additional copies could be easily furnished in any quantity required for one or two cents a sheet.

City and village tax maps.

Cities and villages present conditions totally different from the rural conditions in the town. Values are enormously greater

in urban communities. Feet and even inches count and may be measured by hundreds or thousands of dollars in value. Accuracy is needed in urban maps and every city and village should be required by law to provide an accurate map of its entire area made by a competent surveyor from an actual survey for the use of its assessors. If a city or village has not such a map it is treating its taxpayers unfairly and the burden of taxation is not evenly distributed. The change in the form of the assessment roll applies to cities and villages as well as to towns. Assessment hereafter will be against the land and in all the cities hereafter the value of the land without building value is to be separately stated on the roll and also the total of land and buildings; so that the necessity for a land map is even greater in the cities than in the towns. Many villages have maps. Chapter 315 of the Laws of 1911 permits the assessors of any town to adopt the map of the village, when approved by the State board, as the official map of the land within the village and describe such land on their rolls by reference to the numbers on such map, as soon as such map is approved by the State board. These maps should be presented to the State board for approval and adoption.

Mr. E. L. Heydecker (continuing): I have with me the 211 sheets that have been issued for the State of New York, and I have endeavored to index them so that after adjournment if any of you wish to see the map of any particular part of the State you are interested in I think I can pull out the sheet and show it to you. This map, for instance, is printed in three colors. The brown lines are contour lines, showing elevation; the blue lines are water courses, streams, lakes, etc.; the black lines are the roads, railroads, cities and villages—as stated on the back—“works of man.”

In the center of this map I have in my hand is the town of Eaton. Here is a tracing of the town of Eaton. That shows everything contained on the map except the contour lines—shows the roads, railroads, bridges, villages, etc.

This is a photographic enlargement of this tracing, exactly six times that tracing. If you put your measuring line on that margin you will find it is exactly six times that tracing. It is made photographically exact.

Here is one of the tracings that are made from the photographic

enlargement. The only difference between this and the photographic enlargement is that the enlargement, of course, increases the width of the roads, and in retracing this the draughtsman has reduced the roads again by drawing through the middle of the enlargement and reduced it to secure the proper size of the road, but otherwise it is an exact copy of the portion of the map shown on the photographic enlargement.

From these tracings prints can be produced in any number desired. Here is a contact print produced from that tracing. We can produce as many as we want by a very simple process.

When you come to examine these topographical maps you will find every building in that area is shown here by a little black square or dot. That, of course, is reproduced in the tracing, reproduced in the enlargement and the print. So that we have located on the map not only the roads, railroads, but the buildings in their proper locations.

Let me call your attention to the fact that on this scale of six inches to the mile one square mile would cover an area of thirty-six square inches. That means that one square inch will contain seventeen and three-quarter acres. There are very few farms as small as seventeen and three-quarter acres, which is one inch on this map. You will find one acre will be covered by a rectangular space the side of which is more than one-fourth of an inch.

According to the census figures of 1910 the rural population, which is all persons living outside of the cities and outside of the villages of more than twenty-five hundred, is forty to the square mile. Forty to the square mile gives one person to sixteen acres. In this particular part of the State, Madison county, the rural population is forty-two to the square mile, that is, one person to every fifteen acres. If we assume there are at least six persons on each farm it gives an average of ninety acres to the farm, and to show ninety acres on this scale would require five and one-half square inches. I don't think it would be difficult to show such a farm on a map on that scale. (Applause.)

Chairman Ireland: Gentlemen, I think I simply voice the feeling of the Conference when I thank our brother here for his very instructive and able document, which is simply the opening wedge that is bound to come in the new conditions that confront every town and every board of assessors. Things are very much

changed from what they were twenty years ago; new things and conditions are coming in and we must meet them. I thank him very much personally, and I know the voice of the Conference and that you thank him for this paper.

PREPARATION OF A TOWN MAP FOR THE TOWN OF NEW CASTLE, WESTCHESTER COUNTY.

BY SIDNEY J. SMITH.

Chairman of the Board of Assessors, New Castle.

Upon taking office on January 1, 1910, as an assessor of the town of New Castle, Westchester county, I found it had been the custom of the assessors to divide the town into three districts, each assessor assuming charge of the district in which he lived and making the assessments in that district.

The town of New Castle covers an area of approximately 15,000 acres. It has been the custom for each assessor to keep a crude field book in which he recorded the name of each owner of real estate and the area of the land owned by him and the value fixed upon it and nothing else. I had nothing to assist me except the town assessment roll. This roll being made up in alphabetical order of names of owners was of little assistance to me in preparing my field book, as the roll simply gave the names of the owners, quantity of land and the assessed value without any description whereby the land could be located, except in the case of land of non-residents. So that I had nothing to guide me in preparing for my work that would indicate to me which parcels on the town roll lay within the district assigned to me.

Section 20 of the Tax Law has been amended so that the assessors of a town are now prohibited from dividing the town into districts for the purposes of assessment. This, however, does not mean that the field book with its descriptions cannot be prepared by each assessor for his third of the town, but simply means that the fixing of the values for each parcel must be the joint determination of the three assessors. However, in the town of New Castle we have endeavored as far as possible to act as a board both in the matter of preparing the description of the different parcels and in determining the values.

Upon my taking office and studying the situation I became convinced that some method must be employed whereby I could become better acquainted with the division of the land among the

farms and lots and with the names of the owners in my district in the town. The only solution of the difficulty seemed to be the preparation of some system of maps showing the location of the particular parcels to be assessed. Accordingly I divided my district into sections, using as boundaries the town boundaries and the highways. Starting at the extreme corner of the town, each separately assessed parcel was sketched upon a sheet of paper on which was indicated the public highways forming the boundaries of the section.

The result of the first sectional map proving satisfactory I extended the scheme of crudely sketched sectional maps throughout the entire district under my jurisdiction. Although these maps were very crudely made and were not made on any uniform scale, they were a wonderful help to me in my work. Even in their crude shape they showed with sufficient accuracy just where each particular parcel lay and to whom it was assessed. This work occupied considerable time and for it the town board allowed me \$75, but did not seem anxious for me to go ahead, as some criticism was made that the maps were not authentic enough. I tried to impress upon my brother assessors the importance of making them in their sections, but they had been assessors respectively for the past ten and twenty years, and did not see the advantage or necessity of a similar map for their districts. Consequently a map system was out of the question for the time being.

Upon being re-elected to the office of assessor, a new board of assessors was created, because two new men were elected as my associates. Our attention was taken up for some time with learning our new duties, and the map question was therefore suspended until I received some literature from the tax conference. After reading this I was convinced that the only proper method of assessment was by a map system. In addition to the general advantages of a map, the necessity for it was made more apparent by the repeal or nullification of section 10 of the Tax Law. Under the new method of assessment enacted in 1911, each parcel of real estate within the town must be assessed by the assessor. Section 10 had formerly provided that a parcel of real estate divided by a town boundary and lying partly in one town and partly in another should be assessed in the town in which the principal dwelling upon the farm was located. Now it became necessary

to assess portions of farms in the town of New Castle, which heretofore had been carried upon the assessment rolls of adjoining towns, because the principal dwelling house was located in this town. A map was needed to show such area of such portions lying in New Castle.

The question now arose as to the easiest and cheapest method of preparing a town map. The cost of an actual survey of all land (about \$5,000) seemed too high and the members of the town board did not seem to think that an outlay of such a sum of money would be justified. At this time it became my good fortune to become acquainted with the Hon. Lawson Purdy, of the tax board of the City of New York, and Mr. E. L. Heydecker, assistant tax commissioner of that city, active members of the State Tax Conference. The result of their advice and very valuable help is the preparation of a map of the town of New Castle, on which is shown every parcel of land, except in the unincorporated village of Chappaqua, and in the incorporated village of Mt. Kisco. In these two localities the subdivision of the land required a larger scale than is used on the general town map.

This map was started and finished in the following manner: Through the instrumentality of Mr. Heydecker I secured the map sheet of the United States Geographical Survey, showing the topographical survey of the town of New Castle. This topographical map is on a scale of six inches to the mile. A tracing was made, in accordance with the suggestions contained in the paper read by Mr. Heydecker on "Tax Maps" at the Buffalo conference in January, 1912, on which were shown the roads, streams, water courses and railroads; in short, all the natural boundaries and fixed points from which to locate the farm boundaries. This tracing was then enlarged six times, very accurately, by photography. A new tracing was then made from this enlargement, on which the width of the roads was reduced, but no other changes were made. From these tracings new prints were made and these prints then constituted a basic land map of the town of New Castle, on a scale of 880 feet to the inch, and the assessors were now ready to draw in the boundaries of the different farms and parcels.

After a study of the map in its general form the actual work of drawing in the farm boundaries was begun by starting at a

point of an intersection of highways, which was nearest my own home and making a block or division of the area bounded by the nearest highways on this block. The owners of property were consulted and the locality was visited and the boundaries of each farm or parcel sketched upon the map. Comparing the size of the parcel thus shown to the scale of the map (six inches to the mile, 880 feet to the inch) and the number of acres assessed against each parcel, the general accuracy or inaccuracy of the sketch was clearly shown.

While this method was splendid where land boundaries are finally fixed and known to the assessors and so could readily be entered upon the large sheet, it was found to be a better plan to have one of the maps cut into sheets of convenient size, and a book made of the sheets which could be carried by the assessor while traveling through the town and preparing the map.

After the farm boundaries have been sketched in for each section or block according to the best information possessed by the assessors, corrections were made in the following way—by consulting the property owners and obtaining from them a view of their deeds and of their map surveys where they had them (and many such map surveys were found), the boundary lines were adjusted. We found little difficulty in obtaining the assistance of the owners in this matter. They showed considerable curiosity, and when the matter was explained to them generally disclosed interest in the project and a readiness to assist. In addition to the direct inquiries of the owner valuable assistance was obtained from the older residents of the section who could tell of ancient boundary lines and of transfers between owners running back through a long period of years. In addition to all these sources of information we found great assistance in the filed maps on record in the office of the registrar of the county, and in the maps prepared by the engineers and surveyors for laying out of new roads, and the maps of the property taken by New York City for the water shed of the Croton aqueduct. The published atlases, road maps, etc., also gave many valuable points, although these atlases do not show the farm lines. With all these aids followed by actual visits to the particular parcels we were able to prepare the map, which is shown herewith.

Results of a tax map.

The first result of such a map is a great increase in the accuracy and equality of the assessment by the assessors. It enables them to consider each parcel in relation to its adjoining parcels and its relation to the general topography of the town.

The next result is that the assessors are able to check up their work and determine whether they have put upon the tax roll all parcels of real estate. We have already found in the town of New Castle several parcels which have been omitted from the roll. We have also found a large number of parcels which have been carried upon the roll at a much smaller area in acres than they actually contained. These additions and corrections alone justify the time and expense of such a map.

This map will tend to reduce complaints upon the part of taxpayers because they will now be able to study the map and determine for themselves as they never could do before the relative value of their farms and comparison with the farms of their neighbors. This will tend to do away with the feeling that all assessments are unequal and unjust and that one owes it as a duty to protest. Another result is the arousing of interest in the work of the assessors through the assistance given by the owners to the assessors in the work of preparing the map. The fact that the owners are consulted and that the assessors are known to be trying to make the map accurate greatly stimulates the interest in the work of the assessors on the part of the taxpayer and inducing him to investigate. Such criticism as he bestows upon the work of the assessor is as a rule much more intelligent than has heretofore been the case.

Still another advantage of a tax map is that it will enable the school trustees to get a correct list of the parcels and names of owners within their school districts—because a study of the map will disclose the boundary of the school districts and all the parcels within the boundaries can readily be ascertained from the map. It will be a great advantage to have the boundaries of the school districts entered upon the map and this can be done by the assessors in apportioning special franchise values among the school tion of the school district boundaries by the Education Department.

Another advantage is the lightening of the labors of the assessors in apportioning special franchise values among the school districts and villages and special taxing districts within the town and in like manner in determining the special district taxes for the special taxing districts within the town, such as fire, lighting, water, sewer, sidewalk, etc.

And, finally, such a map will very materially aid in the description of property sold for taxes in that each parcel can be accurately bounded by a reference to the map, and hence the sale can be legally made.

In former years the town of New Castle had each year been obliged to provide in its budget for loss of revenue in the preceding year's budget owing to what has been termed "erroneous taxes." Doubtless other towns in the State have had the same experience. These so-called "erroneous taxes" have been due to errors in the assessment roll arising in various ways. For example, names have been carried over from year to year of persons who are non-residents having no property in the town, or were residents without property or names of persons who had died leaving no property. The assessors finding the names upon the former roll frequently copied the names onto the current roll because they knew nothing about the man. Again the description of property was so vague that it could not be located, nevertheless, such assessments form part of the basis on which the taxes were levied, and, of course, resulted in a loss to the town through its inability to collect taxes upon these "erroneous assessments." All this would be done away with. When assessments are made upon a map basis the town finances will be very greatly simplified as a consequence.

The cost of such a map, the actual cost of the foregoing enlargement, tracing and prints has not exceeded \$75 in the town of New Castle. The length of time of the assessors required to draw in the farm boundaries will have to be determined by the assessors or by the town board in each case.

Conclusion.

The map of New Castle is not claimed to be absolutely accurate; it cannot be until it is based upon an actual survey, but it is sufficiently accurate to enable the assessors and others to locate

upon it any parcel upon the roll and through the co-operation of the assessors and taxpayers it can be improved in accuracy with each year. The elimination of errors and the listing of all property within the town will result in an increased revenue to the town, which will far exceed the cost involved in its preparation.

MINNESOTA TAX COMMISSION.

Chapter 408—S. F. No. 475.

AN ACT to create a permanent tax commission, defining the duties of said commission and making an appropriation therefor, and abolishing the State Board of Equalization.

Be it enacted by the Legislature of the State of Minnesota:

§ 1. There is hereby created a commission, to be designated and known as the Minnesota Tax Commission.

§ 2. The said Minnesota Tax Commission shall be composed of three members, who shall be appointed by the Governor by and with the advice and consent of the Senate. The three persons first composing said commission shall be appointed within ten (10) days after the passage of this act and before the adjournment of the present Legislature, if practicable.

§ 3. Of such three persons composing said commission, one shall be appointed and designated for a term ending January 31, 1909; one for a term ending January 31, 1911, and one for a term ending January 31, 1913, each of said periods and terms of office to begin upon the qualification of the person appointed therefor. Upon the expiration of the terms of the three commissioners first to be appointed as aforesaid, each succeeding commissioner shall be appointed and hold office for the term of six (6) years, except in the case of a vacancy as hereinafter provided, and each commissioner shall hold office until his successor shall have been appointed and qualified. The Governor shall have power to remove a commissioner for inefficiency, neglect of duty or malfeasance in office, but, before removal, the commissioner shall be furnished with a copy of the charges against him, and have an opportunity to be heard in defense.

§ 4. After the appointment of said first three commissioners, or except when appointed to fill a vacancy, each commissioner shall be appointed on or before the last Monday in January next preceding the commencement of the term for which he shall be appointed.

In case of a vacancy it shall be filled by appointment by the Governor for the unexpired portion of the term in which said

vacancy occurs. Said appointment to be confirmed by the Senate. If such appointment is made when the Legislature is not in session, the appointee shall hold office until the first Monday in February during the next succeeding session of the Legislature, when, if such appointment is not confirmed, the office shall become vacant, and on or before the last Monday in February in the same month, the Governor by and with the advice and consent of the Senate shall appoint a suitable person to fill such vacancy for the remainder of such term.

§ 5. The persons appointed to be members of such commission shall be such as are known to possess knowledge of and training in the subject of taxation and taxing laws, and skilled in matters pertaining thereto. So far as practicable, they shall be non-partisan and shall be so selected that the commission will not be composed of more than two persons who are members or affiliated with the same political party or organization. No person appointed a member of said commission shall hold any other office under the laws of this State, nor any office under the Government of the United States or any other State.

Each commissioner and each employe shall devote his entire time to the duties of the office and shall not hold any position of trust or profit, engage in any occupation or business interfering with or inconsistent with his duties as such commissioner or employe, or serve on or under any committee of any political party or take part either directly or indirectly, in any political campaign in the interest of any political party or organization or candidate for office.

§ 6. Each commissioner and employe shall, within thirty (30) days after notice of his appointment, and before entering upon the discharge of his duties, take, subscribe and file with the Secretary of State the oath of office prescribed by the Constitution of this State.

§ 7. The member of said commission whose term of office expires January 31, 1909, shall be the chairman of said commission during his term of office, and thereafter the member who has the shortest term of service shall be chairman during the remainder of his term.

Each of the members of the said commission shall receive an annual salary of four thousand five hundred (\$4,500) dollars in

equal monthly installments in the same manner that other State salaries are paid.

§ 8. The commission first appointed under this act, after having duly qualified, shall, without delay, meet at the Capitol in St. Paul. A majority of said commission shall constitute a quorum for the transaction of business and the performance of the duties of said commission. The said commission shall be in continuous session and open for the transaction of business every day, except Sundays and legal holidays, and the sessions of said commission shall stand and be deemed to be adjourned from day to day without formal entry thereof on its records. The commission may hold session in conducting investigation at any other place than the Capitol when deemed necessary to facilitate and render more thorough the performance of its duties.

§ 9. Said commission may appoint a secretary at a salary not to exceed twenty-four hundred (\$2,400) dollars per annum, and such other experts, assistants and clerks, one of whom shall be stenographer, as may be necessary. Provided, however, that the total expense for such experts, assistants and clerks, exclusive of said secretary, shall not exceed six thousand (\$6,000) dollars per annum. And provided, further, that if it become necessary to employ experts, and assistants and clerks beyond such as can be obtained for said sum of six thousand (\$6,000) dollars, then said commission may, with the approval and consent of the Governor, Attorney General and State Auditor, employ such additional assistants as may be necessary. The secretary of the commission shall keep full and correct minutes of all the testimony taken, hearings had and the proceedings of said commission, and shall perform such other duties as may be required by said commission. The said commission shall have power to make all necessary or needful rules consistent with the laws of this State for the orderly and successful performance of its duties and for conducting hearings and other proceedings before it.

§ 10. The commission shall be provided with suitable and necessary office furniture, supplies, stationery, books, periodicals, newspapers, maps and financial and commercial reports and all necessary expenses therefor shall be audited and paid as other expenses are audited and paid.

The actual necessary expenses of the commission and its secretary, clerks and such experts and assistants as may be employed by said commission while traveling on the business of the commission shall be paid by the State, such expenditures to be sworn to by the party who incurred the expense and approved by the chairman of the commission or a majority thereof.

§ 11. It shall be the duty of the commission and it shall have power and authority:

(1) To have and exercise general supervision over the administration of the assessment and taxation laws of the State, over assessors, town, county and city boards of review and equalization and all other assessing officers in the performance of their duties to the end that all assessments of property be made relatively just and equal in compliance with the laws of the State.

(2) To confer with, advise and give the necessary instructions and directions to local assessors throughout the State as to their duties under the laws of the State, and to that end call meetings of local assessors of each county, to be held at the county seat of such county for the purpose of receiving necessary instruction from the commission as to the laws governing the assessment and taxation of all classes of property.

(3) To direct proceedings, action and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this State governing returns of assessment and taxation of property, and to cause complaints to be made against local assessors, members of board of equalization, members of boards of review or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty. To require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of the State in respect to the assessment and taxation of property in their respective districts or counties.

(4) To require town, city, village, county and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the commis-

sion, in such form and upon such blanks as the commission may prescribe.

(5) To require individuals, co-partnerships, companies, associations and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes as well as all other statements now required by law for taxation purposes.

(6) To summon witnesses to appear and give testimony, and to produce books, records, papers and documents relating to any tax matter which the commission may have authority to investigate or determine.

(7) To cause the deposition of witnesses residing within or without the State, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil action in the district court in any matter which the commission may have authority to investigate or determine.

(8) One or more members of the commission shall officially visit at least one-half of the counties of the State annually, and shall visit every county in the State at least once in two years and inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their compliance with this act requiring the assessment of all property not exempt from taxation.

(9) To investigate the tax laws of other States and countries and to formulate and submit to the Legislature of the State such legislation as said commission may deem expedient to prevent evasions of assessment and taxing laws and to secure just and equal taxation and improvement in the system of assessment and taxation in this State.

(10) To consult and confer with the Governor of the State upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the commission, and to furnish the Governor from time to time such assistance and information as he may require relating to tax matters.

(11) To transmit to the Governor on or before the third Monday in December of each even numbered year, and to each member of the Legislature on or before January 1, of each odd numbered year, the report of the commission for the preceding years,

showing all the taxable property in the State and the value of the same, in tabulated form.

(12) To exercise and perform such further powers and duties as may be required or imposed upon the commission by law.

§ 12. The said Minnesota Tax Commission shall have and exercise all the rights, powers and authority by law vested in the State Board of Equalization, which said board of equalization is hereby continued, with full power and authority to review, modify and revise, all of the acts and proceedings of said commission in so far as they relate to the equalization and valuation of property assessed for taxation, as prescribed by section 863, Revised Laws of 1905, which State Board of Equalization shall meet on the second Tuesday in September of each year during its existence. The said Minnesota Tax Commission shall also have the following powers and duties:

(1) To require the auditor of each county in the State to file with the tax commission on or before the fourth Monday in August each year complete abstracts of all real and personal property in the county as equalized by the county board of equalization and itemized by assessment districts, said abstracts to be accompanied by a printed or typewritten copy of the proceedings of said county board of equalization, and it shall be the duty of the county auditor to so report to the tax commission.

(2) To order reassessment of all real and personal property or either in any assessment district when in the judgment of said commission such reassessment is advisable or necessary to the end that any and all classes of property in such assessment district shall be assessed in compliance with the law.

(3) To require county auditor to carefully place upon the assessment rolls omitted property which may be discovered to have for any reason escaped assessment and taxation in previous years

(4) To receive complaints and to carefully examine into all cases where it is alleged that property subject to taxation has not been assessed or has been fraudulently or for any reason improperly or unequally assessed, or the law in any manner evaded or violated, and to cause to be instituted such proceedings as will remedy improper or negligent administration of the taxing of the State.

Prior to the annual meetings of the State Board of Equalization each year, and subject to review as herein stated, to raise or lower the assessed valuation of any or all real and personal property, or any portion thereof within the State.

Prior to the annual meetings of the State Board of Equalization, to raise or lower the assessed valuation of any real and of any personal property in the State, including the right and authority to raise or lower the assessment of the real and personal property of any individual, co-partnership, company, association or corporation, first giving notice to such persons of their intention to do so, which notice shall fix a time and place of hearing, to the end that the assessed valuation of all property throughout the State shall be as nearly equal as may be upon any given class of property.

§ 13. A record of all proceedings of the Minnesota Tax Commission affecting any change in the assessed valuation of any property, as revised by the State Board of Equalization, shall be kept by the secretary of the commission and a copy thereof duly certified shall be mailed to the county auditor of each county wherein such property is situated. Which record shall specify the amounts or amount, or both, added to or deducted from the valuation of the real property of each of the several towns, villages and cities, and of the real property not in towns, villages or cities, also the per cent. or amount of both, added to or deducted from the several classes of personal property in each of the towns, villages and cities, and also the amount added to or deducted from the assessments of individuals, co-partnerships, associations or corporations. The county auditor shall add to or deduct from such tract or lot or portion thereof of any real property in his county the required per cent. or amount, or both, on the valuation thereof as it stood after equalized by the county board, adding in each case a fractional sum of fifty cents or more, and deducting in each case any fractional sum of less than fifty cents, so that no valuation of any separate tract or lot shall contain any fraction of a dollar; and shall also add to or deduct from the several classes of personal property in his county the required per cent. or amount, or both, on the valuation thereof as it stood after equalized by the county board, adding or deducting in manner aforesaid any fractional sum, so that no valuation of any separate class of personal prop-

erty shall contain a fraction of a dollar, and shall also add to or deduct from assessments of individuals, co-partnerships, associations or corporations, as they stood after equalization by the county board, the required amounts to agree with the assessments as returned by the Minnesota Tax Commission.

§ 14. The county auditor shall calculate the rate per cent. necessary to raise the required amount of the various taxes on the assessed valuation of all property as returned by the Minnesota Tax Commission.

§ 15. Oaths to witnesses in any matter under the investigation or consideration of the commission may be administered by the secretary of the commission or any member thereof. In case any witness shall fail to obey any summons or appear before said commission, or shall refuse to testify or answer any material questions or to produce records, books, papers or documents when required so to do, such failure or refusal shall be reported to the attorney general, who shall thereupon proceed in the proper court to compel obedience to any summons or order of the commission, or to punish witnesses for any such neglect or refusal.

§ 16. Whenever it shall be made to appear to the tax commission, by verified complaint or by the finding of a court, or of the Legislature or either body of the same, or any committee thereof, that any considerable amount of property has been improperly omitted from the tax list and assessment roll of any county for any year or years, or, if assessed, that the same has been grossly undervalued by the assessor or other taxing official, whether or not such assessment has been reviewed by the county or State Board of Equalization, they shall proceed to reassess such property in the manner prescribed by sections 854 to 858, inclusive, of the Revised Laws of 1905, and for such purpose shall appoint such examiners and deputies as they shall deem necessary, and in fixing their compensation they shall not be limited to the compensation provided for by section 856 of the said Revised Laws. The expenses of such reassessment shall be paid as provided by section 858 of said Revised Laws of 1905.

The terms of office of all members of the State Board of Equalization now or hereafter appointed shall end on the 31st day of January, 1909, and from and after said time, said State Board of Equalization shall cease to exist and be discontinued, and there-

after all of the powers and duties now vested by law in said State Board of Equalization shall devolve upon and be exercised by said Minnesota Tax Commission.

§ 17. For the purposes of this act there is hereby annually appropriated out of the treasury of the State, not otherwise appropriated, the sum of thirty thousand dollars (\$30,000).

§ 18. All acts or parts of acts inconsistent herewith are hereby repealed.

§ 19. This act shall take effect and be in force from and after its passage.

Approved April 25, 1907.

MORTGAGE REGISTRY TAX LAW.

Chapter 328—H. F. No. 561.

AN ACT to provide for the taxation of mortgages of real property. Be it enacted by the Legislature of the State of Minnesota:

§ 1. The words "real property," "real estate" and "land," as used in this act, in addition to the definitions thereof contained in the Revised Laws of 1905, shall include all property a conveyance whereof may be recorded or registered by a register of deeds under existing laws; and the word "mortgage," as so used, shall mean any instrument creating or evidencing a lien of any kind on such property, given or taken as security for a debt, notwithstanding such debt may also be secured in part by a lien upon personalty. An executory contract for the sale of land, under which the vendee is entitled to or does take possession thereof, shall be deemed, for the purposes of this act, a mortgage of said land for the unpaid balance of the purchase price. No instrument relating to real estate shall be valid as security for any debt, unless the fact that it is so intended and the amount of such debt are expressed therein. But a mortgage given to correct a misdescription of the mortgaged property, or to include additional security for the same indebtedness, shall not be subject to the tax imposed by this act; nor shall a mortgage securing the same and other indebtedness, additional to that upon which such tax has been paid, be taxable hereunder, except for such added sum.

§ 2. A tax of 50 cents is hereby imposed upon each hundred dollars, or major fraction thereof, of the principal debt or obligation which is, or in any contingency may be, secured by any mortgage of real property situate within the State, which mortgage is recorded or registered on or after April 30, 1907; provided that if any such mortgage shall describe any real estate situate outside of this State, such tax shall be imposed upon such proportion of the whole debt secured thereby as the value of the real estate therein described situate in this State bears to the value of the whole of the real estate described therein, as such value shall be determined by the State Auditor upon application of the mortgagee."

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§ 3. All mortgages upon which such tax has been paid, with the debts or obligations secured thereby and the papers evidencing the same, shall be exempt from all other taxes; but nothing herein shall exempt such property from the operation of the laws relating to the taxation of gifts and inheritances, or those governing the taxation of banks, savings banks or trust companies; provided, that this act shall not apply to mortgages taken in good faith by persons or corporations whose personal property is expressly exempted from taxation by law, or is taxed upon the basis of gross earnings, or other methods of commutation in lieu of all other taxes.

§ 4. If a mortgage is made to a mortgagee in trust, to secure the payment of bonds or other obligations to be issued thereafter, a statement may be incorporated therein of the amount of such obligations already issued or to be issued forthwith, and the tax to be paid on filing such mortgage for record or registration shall be computed upon the amount so stated. Such statements shall be binding and conclusive upon all persons claiming through or under the mortgage, and no such obligation issued in excess of the aggregate so fixed shall be valid for any purpose unless the additional tax thereon be paid and the receipt of the proper county treasurer therefor be endorsed thereon.

§ 5. The tax imposed by this act shall be paid to the treasurer of the county in which the mortgaged land or some part thereof is situated, at or before the time of filing the mortgage for record or registration. The treasurer shall endorse his receipt on the mortgage, countersigned by the county auditor, who shall charge the amount to the treasurer, and such receipt shall be recorded with the mortgage, and such receipt of the record thereof shall be conclusive proof that the tax has been paid to the amount therein stated, and shall authorize any register of deeds to record the mortgage. Its form in substance shall be "registration tax hereon of ----- dollars paid." If the mortgage be exempt from taxation the endorsement shall be "exempt from registration tax," to be signed in either case by the treasurer as such, and in case of payment to be countersigned by the auditor. In case the treasurer shall be unable to determine whether a claim of exemption should be allowed the tax shall be paid to the clerk of the district court of the county to abide the order of such court

made upon motion of the county attorney, or of the claimant upon notice as required by the court. When any such mortgage covers real property situate in more than one county in this State the whole of such tax shall be paid to the county treasurer of the county where the mortgage is first presented for record or registration, and the payment shall be receipted and countersigned as above provided, and such tax shall be divided and paid over by the county treasurer receiving the same on or before the tenth day of each month after receipt thereof to the county or counties entitled thereto in the ratio which the assessed value of the real property covered by the mortgage in each county bears to the assessed value of all the property described in the mortgage. In making such division and payments the county treasurer shall send therewith a statement giving the description of the property described in the mortgage and the assessed value of the part thereof situate in each county. And for the purpose aforesaid the county treasurer of any county may require the county treasurer of any other county to certify to him the assessed valuation of any tract of land in any such mortgage.

§ 6. When any real estate situate in this State and described in any such mortgage is not taxed by direct tax upon the assessed valuation thereof, then the tax herein provided shall be paid to the State Treasurer and credited to the general revenue fund. The receipt thereof shall be endorsed upon the mortgage by the State Treasurer and countersigned by the State Auditor, who shall charge the treasurer therewith, and thereupon such mortgage shall be recorded or registered, as to such real estate in any office in this State, and thereupon such mortgage may be recorded or registered, but as to all real property described in any mortgage taxed upon an assessed valuation the registry tax shall be paid as provided in section 5 hereof.

§ 7. No such mortgage, no papers relating to its foreclosure, nor any assignment or satisfaction thereof shall be recorded or registered after April 30, 1907, unless said tax shall have been paid; nor shall any such document, or any record thereof, be received in evidence in any court, or have any validity as notice or otherwise.

§ 8. All mortgages of real estate prior to April 30, 1907, shall be taxable as provided by law under the provisions of law re-

lating thereto prior to the enactment hereof; provided, that the holder of any such mortgage may pay to the treasurer of the proper county, or the State Treasurer, or both, the tax herein prescribed upon the amount of the debt secured by such mortgage at the time of such payment, as stated by the affidavit of the owner of such mortgage, to be filed with the county treasurer, and have the treasurer's receipt countersigned by the auditor endorsed thereon. The register of deeds or Secretary of State, as the case may be, on presentation of such receipt, shall note on the margin of the mortgage record the date and amount of such payment. Thereafter such mortgage debt shall not be otherwise taxable.

§ 9. All taxes paid to the county treasurers under the provisions of this act shall be apportioned and distributed in the same manner as real estate taxes paid upon the real estate described in the mortgage.

§ 10. This act shall take effect and be in force from and after April 30, 1907.

Approved April 23, 1907.

CHAPTER 285, LAWS OF MINNESOTA, 1911, RELATING TO THE ASSESSMENT AND TAXATION OF MONEY AND CREDITS.

Together with the Text of the Decision of the Supreme Court, sustaining the constitutionality of the law, and denying the right to deduct debts from credits, and a brief synopsis of the law.

Synopsis of the law.

Money and credits have always been subject to taxation in Minnesota. Chapter 285, Laws of 1911, simply changes the method of listing and assessing this class of property.

Under the old law, such property was listed on the same blanks, and taxed at the same rate as other classes of personal property, while under the new law it is listed on separate blanks, and is taxed at a flat rate of three mills on the dollar, or thirty cents on each hundred dollars of valuation.

"Money," as defined in the law, means money owned by an individual, firm or corporation, whether in hand or on deposit in a bank in this or some other State.

"Credits" cover all book accounts, bills receivable, land contracts not recorded, promissory notes, bonds, rents, annuities and all other claims or demands for money or other valuable thing.

The law does not include the money and credits of incorporated banks in this State, or notes and bonds secured by real estate mortgages recorded in this State upon which the mortgage registry tax has been paid, or the bonds of any municipality issued since April 18, 1911.

The assessment is to be made at the fair cash value of the property, and not at a percentage of such value.

Debts cannot be deducted from credits. *Winona Motor Co. vs. State of Minnesota*, 134 Northwestern Reporter, page 643.

The law requires each taxpayer to make a verified return of his money and credits on the listing blank furnished him by the assessor. Even though he does not own any of this class of property he should return his list to the assessor setting out such fact duly sworn to.

The assessor is required to accept as true the items of the list as returned, unless the person making such return refuses to answer on oath all reasonable and necessary inquiries as to the nature and amount of his property taxable under the law. The assessor may, however, place his own valuation on the property so listed when in his judgment the valuation returned by the owner is not the full and true value of such property.

If any person, firm or corporation subject to taxation under this law fails or refuses to make a return as provided for in section 2 of the act, it is the duty of the assessor to ascertain as nearly as possible the particulars of this class of property owned by such person, and to estimate its just value "according to his best information and belief," and to so assess it, and then add 50 per cent. to the valuation as a penalty for failure or refusal to list.

In making an arbitrary assessment as provided for in sections 7 and 8 of the act, if the person against whom the arbitrary assessment is made was assessed for this class of property in 1911, the assessor cannot fix the amount this year at less, but may make it more than the amount legally assessed against such person last year.

When a person subject to this tax has removed from one district to another within the State since the last assessment was made, and fails to make a return of such property, the assessor is required to assess such person at an amount not less than that for which he was assessed last year in the district from which he removed, which amount is to be ascertained from the county auditor of the county in which such district is located.

In making an arbitrary assessment the law does not require the assessor to have exact knowledge of the value of the property; he is authorized to make the assessment upon "his best information and belief." If he should overvalue such property, the fault is not in the assessor, but in the person who failed to list.

The verified list should be returned to the assessor on or before June 1.

The assessment under this law is reviewed and equalized in the same manner as the assessment of other personal property is reviewed and equalized.

Chapter 285, Laws of Minnesota, 1911.

An act establishing a uniform tax on certain classes of personal property.

Be it enacted by the Legislature of the State of Minnesota:

§ 1. "Money" and "Credits" as the same are defined in section 798, "Revised Laws of 1905," are hereby exempted from taxation other than that imposed by this act and shall hereafter be subject to an annual tax of three mills on each dollar of the fair cash value thereof.

But nothing in this act shall apply to money or credits belonging to incorporated banks situated in this State, nor to any indebtedness on which tax is paid under chapter 328, General Laws of 1907.

§ 2. All "Money" and all "Credits" taxable under this act shall be listed in the manner provided in section 816, "Revised Laws of 1905," but such listing shall be upon a separate blank from that upon which other personal property is listed.

§ 3. Before making an assessment of "Money" and "Credits" under this act the assessor shall give seasonable notice to the inhabitants of his district in the manner prescribed in section 808, "Revised Laws of 1905." He shall require each individual, co-partnership, company, association or corporation in his district to bring in before a date therein specified and not later than the first day of July a true list of all their "Monies" and "Credits" taxable under this act.

§ 4. The Minnesota Tax Commission shall annually prepare instructions for bringing in the lists required by the preceding section. They shall prepare and distribute through the county auditors to the assessors a form for the returns which the taxpayers are required to make by this act, and this form shall be printed on a separate sheet, and shall be entirely distinct from the forms prepared for the returns of other classes of property. This form shall require the taxpayer to make a return of the total amount of his "Money" and "Credits" taxable under this act.

The Minnesota Tax Commission shall cause to be printed and shall furnish assessors blank lists for the return of property taxable under this act, and the assessor shall distribute a blank list to every person liable to taxation.

§ 5. The assessor shall in all cases require a person bringing in a list to make oath that it is as nearly correct as he is able to make it and, this oath shall be attached to and be a part of such list.

Such list shall be open to the inspection of the assessor, county auditor, their deputies and clerks, the board of review, the board of equalization, their clerks, the Minnesota Tax Commission and its assistants and clerks, but the details of the lists made by taxpayers shall be disclosed to no other person except by order of court, and any assessor or other person who shall disclose such details shall be liable to a fine of not less than one hundred dollars nor more than five hundred dollars. The lists shall be delivered by the assessor to the county auditor and by him preserved.

§ 6. The assessors shall receive as true except as to valuation, the list brought in by each person, unless on being thereto required by the assessor he refuses to answer on oath all reasonable and necessary inquiries as to the nature and amount of his property taxable under the provisions of this act.

§ 7. The assessor shall ascertain as nearly as possible the particulars of the personal estate subject to taxation under this act of any person who has not brought in such list, and shall estimate its just value according to his best information and belief. He shall also add thereto fifty per cent. of the estimated value of such property as a penalty; and such estimate, with the penalty of fifty per cent., shall be entered in the valuation books, and shall be conclusive upon any person who has not seasonably brought in a list of his estate unless he can show reasonable excuse for the omission.

§ 8. In making such estimate the assessor shall specify the amount of "Money" and "Credits" separately and shall enter the same upon the books furnished under the provisions of section 10 of this act. An error or overestimate, or either, shall not be taken into account in determining whether a person is entitled to abatement, but only the aggregate amount of such estimate.

§ 9. After property taxable under the provisions of this act has been legally assessed to any inhabitant of the State of Minnesota, including any executor, administrator or trustee, an amount not less than that last assessed by the assessor of such district in respect of such property shall be deemed to be the sum as-

sessable, until a true list of such property is brought in to the assessor in accordance with the provisions of section 3 of this act. When a person liable to be taxed for personal property included within the provisions of this act changes his domicile, the assessor of the district to which he removes shall assess him for an amount not less than that for which he was assessed in the district from which he removed, until he files the list required by section 3 of this act. The duties of assessors under this section shall be the same as prescribed in section 858, Revised Laws of 1905, and whoever neglects to perform any duty imposed upon him by this section shall be guilty of a misdemeanor.

§ 10. Property taxable under this act shall not be included in the valuation list which assessors are required to make under the provisions of section 835, Revised Laws of 1905, but shall be listed in a separate book or in a supplement to the regular assessment book which the county auditor shall provide for each assessor on or before the first day of May each year.

This book or supplement shall show the total amount of "Money" and "Credits" assessed to each taxpayer under the provisions of this act, and shall not disclose further details of his assessment. It shall contain also a summary showing the number of individuals, firms, associations, trustees, etc., assessed for such property and the total amount of "Money" and "Credits" taxable under the provisions of this act. When making the return to the county auditor provided for by section 850, Revised Laws of 1905, the assessor shall file this valuation book, or supplement, together with the summary of the same and the listing blanks filled out by each taxpayer assessed under the provisions of this act.

The county auditor, when compiling the returns required by section 862, Revised Laws of 1905, shall include, under a separate heading, the aggregate assessment in each district of property assessed under the provisions of this act.

§ 11. The assessment under this act shall be reviewed and equalized the same as the assessment of other personal property is reviewed and equalized.

§ 12. The county auditor of each county shall compute the taxes under this act each year against each individual, co-partnership, company, association or corporation and he may include such tax on the personal property tax list with the other personal prop-

erty tax levied against such individual, co-partnership, company, association or corporation where the assessment is made.

The tax levied under this act shall be collected by the county treasurer, or sheriff, the same as other personal property taxes are collected.

§ 13. All taxes paid to the county treasurer under the provisions of this act shall be apportioned, one-sixth to the revenue fund of the State of Minnesota, one-sixth to the county revenue fund, one-third to the city, village or town, and one-third to the school district in which the property is assessed.

§ 14. This act shall take effect and be in force from and after its passage.

Decision of the Supreme Court.

17440—State of Minnesota, Supreme Court, October Term, A. D. 1911. No. 12.

State of Minnesota ex rel; Winona Motor Co., Relator vs. Minnesota Tax Commission, Respondent.

Syllabus.

1. Chapter 285, Laws 1911, providing for the taxation of money and credits, held a complete revision of prior statutes upon the subject, and that it was designed by the Legislature as the exclusive guide upon that subject, save as provisions of the general tax laws are therein referred to and called to the aid of the new statute, and to repeal by implication section 836, R. L. 1905, which provides for the deduction of debts from credits listed for taxation.

2. The classification of money and credits for the purposes of taxation held not a violation of the constitution.

Writ discharged.

Opinion.

Relator, a corporation, properly listed its "credits" for taxation under and pursuant to chapter 285, Laws 1911, and claimed the right to have its debts deducted therefrom under the provisions of section 836, R. L. 1905. This claim was duly presented to the State Tax Commission in the form of an application for an abatement, but was not sustained by the commission. The tax was ordered levied for the value of the listed credits as fixed by the assessor, and relator sued out this writ of certiorari to review the action and decision of the commission.

It is contended by relator: (1) That the commission erred, to the prejudice of relator's legal rights, in refusing to deduct its debts from the listed credits; and (2) that, if the act of 1911 be construed as repealing by implication section 836, R. L. 1905, providing for the deduction, it is unconstitutional and void.

1. Prior to the passage of chapter 285, Laws 1911, the statute here under consideration, it had been the uniform policy of the State, whether rightfully or otherwise, is not material, to allow a deduction of debts from an assessment of taxes upon credits, and section 836, R. L. 1905, so providing, has remained substantially in its present form since 1860. Since that year credits have been taxable on the basis of their net value, arrived at by a deduction of debts. The substantial question in the case is whether that policy was departed from by the act of 1911. The attempt to tax credits has never been either successful or entirely satisfactory, and the statutes providing therefor have been of little value as revenue producers. The value of unsecured debts is at most uncertain, many being concededly wholly worthless, and attempts of the State to tax them at the rate imposed upon other classes of property have resulted in efforts to evade a proper listing and more or less laxity on the part of assessors. This situation and the generally unsatisfactory operation of prior statutes authorizing this class of taxation led the Legislature to attempt an improvement, and the act under consideration was the result of its labors in that behalf. The new statute makes no reference to the deduction of debts, and contains no clause or section repealing other enactments upon the subject, and the ultimate inquiry upon this branch of the case is whether section 836, R. L. 1905, which provides for such deductions, was repealed by implication. We have given the subject careful consideration and reach the conclusion that the question must be answered in the affirmative.

The new statute contains thirteen sections, all substantially original, and covering the entire subject of taxing money and credits. It was evidently drawn with care and intended as a complete revision of all prior statutes, and as a departure in point of substance and procedure from the former method of such taxation. In connection with references therein expressly made to sections and provisions of prior statutes it presents a comprehensive workable system for the levy and collection of the tax imposed. The first

section adopts the definition of "Credits" as found in section 798, R. L. 1905, and provides that such credits "shall hereafter be subject to an annual tax of three mills on each dollar of the fair cash value thereof." All following sections relate to the procedure for the assessment and collection of the tax, calling to the aid of the act several sections of the Revised Laws of 1905, but making no reference directly or indirectly to the question of deductions provided for by section 836. The act is so complete and so fully covers the subject as to bring it within the general rule of implied repeal of all prior statutes upon the subject which are not expressly referred to and made a part of the new law. This rule applies though the new statute contains nothing expressly repugnant to some pertinent provisions found in prior statutes. The inquiry is: Did the Legislature intend the new statute as the only rule upon the subject-matter of the legislation? *Nicol v. St. Paul*, 80 Minn. 415. If the present statute had been in the form of amendments to former statutes, the situation would be different. In such cases no inferences necessarily arise, there being no repugnancy or inconsistency between the old and the amended statute, that any change in the law was intended except as expressly made. But here the new statute is complete in itself, and comes clearly within the rule of implied repeal. There can be no serious question but that the Legislature intended a modification of the policy of the State in respect to this form of taxation. The lawmakers recognized the difficulties encountered under the old system, and to avoid the injustice of taxing credits at the rate imposed upon other property, the new system was devised and the tax laid and fixed at a very low rate. If there had been any intention to continue in force the policy of allowing the deduction of debts, the rate would undoubtedly not have been changed, and the reduction thereof to a minimum is fairly indicative of a purpose, as disclosed in section 1, to tax all credits at their fair cash value, without reference to debts and obligations of the person listing the same. This complete revision of the law brings the statute fairly within our decisions holding to the rule of implied repeal. *Smith v. County*, 37 Minn., 535; *State v. Ry. Co.*, 40 Minn., 353; *Ellington v. Ry. Co.*, 96 Minn., 176; *Kelly v. City*, 83 Minn., 9; *Dunnell's Digest*, 8927. Though this result leads to a departure of the long-settled policy of the State to allow the deduction of debts in taxa-

tion of this kind, that policy was at its inception of doubtful merit, in that it extended to one class of taxpayers a favor not granted to others. It permitted the taxpayer holding credits to deduct his debts from the amount of his assessment, and denied the right to any owner of other property who was also in debt. In fact, the Attorney General expressly disapproved of this policy when first adopted. Op. Atty. Gen., 148-150. While both courts and legislatures should hesitate before departing from a long-settled policy of the law, the cause for hesitation arises more particularly when the departure is from a policy having a sound and substantial basis, and not one of doubtful merit, or, to use the language of General Cole, in the opinion above referred to, a policy that amounts to "a palpable violation of the constitution."

Our conclusion therefore upon this branch of the case, is that the act of 1911 was intended by the Legislature as a new rule in respect to the taxation of money and credits, that the statute is a complete revision of prior enactments, and repeals by implication section 836.

2. The further contention that the statute as so construed is unconstitutional, because the classification violates section 1 of article 9 of the State Constitution, requires no extended discussion. We have no doubt, under the amended constitution, that the classification of money and credits for the purposes of taxation is within the discretion of the Legislature, and that this act is a fair exercise thereof. It is not unreasonable, and the nature and character of the property suggests the propriety of a separate method for its assessment. The question is fully covered by *Ins. Co. vs. Martin Co.*, 104 Minn., 179. A further discussion of the question would serve no useful purpose, but result only in a repetition of what has been said before upon the same general subject, and we therefore conclude by holding the objections to the constitutionality of the statute not well taken.

Writ discharged.

BROWN, J.

P. E. Brown, J., absent on account of illness, took no part.

LAW CREATING WISCONSIN STATE TAX COMMISSION.

Chapter 380.

An act to create a permanent tax commission and transferring to such commission the powers and duties of the present commissioner and assistant commissioner of taxation as a State board of assessment or otherwise, and making an appropriation therefor.

The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:

§ 1. There is hereby created a State board to be designated and known as the tax commission, which board shall succeed and take the place of the present commissioner and assistant commissioners of taxation and the present State boards of assessment composed of said commissioner and assistant commissioner as hereinafter provided.

§ 2. Said tax commission shall be composed of three commissioners, who shall be appointed by the Governor by and with the advice and consent of the Senate. The three persons first to compose said board shall be appointed within ten days after the passage and publication of this act and before the adjournment of the present Legislature if practicable. Of such three persons one shall be appointed and designated to serve for a term ending on the first Monday in May, 1909, one for a term ending on the first Monday in May, 1911, and one for a term ending on the first Monday in May, 1913, each of said terms to begin upon the qualification of the person appointed therefor. Upon the expiration of the terms of the three commissioners first to be appointed as aforesaid, each succeeding commissioner shall be appointed and shall hold his office for the term of eight years, except in the case of a vacancy as hereinafter provided, and each commissioner shall hold his office until his successor shall have been appointed and qualified.

§ 3. After the appointment of said first three commissioners and except when appointed to fill a vacancy, each commissioner shall be appointed on or before the last Monday in February during the biennial session of the Legislature next preceding the commencement of the term for which he shall be appointed. In

case of a vacancy, it shall be filled by appointment by the Governor for the unexpired portion of the term in which such vacancy shall occur, subject to confirmation by the Senate. If such appointment be made when the Legislature is not in regular session, the appointee shall hold his office until the first Monday of February in the next biennial session of the Legislature, when, if such appointment is not confirmed by the Senate, the office shall become vacant, and, on or before the last Monday in the same month, the Governor, by and with the advice and consent of the Senate, shall appoint a suitable person to fill such vacancy for the remainder of such term.

§ 4. The persons to be appointed as members of such commission shall be such as are known to possess knowledge of the subject of taxation and skill in matters pertaining thereto. So far as practicable they shall be so selected that the board will not be composed wholly of persons who are members of or affiliated with the same political party or organization. No person appointed as such commissioner shall hold any other office under the laws of this State nor any office under the Government of the United States or of any other State. Each such commissioner shall devote his entire time to the duties of the office and shall not hold any position of trust or profit, engage in any occupation or business interfering with or inconsistent with his duties, or serve on or under any committee of any political party.

§ 5. Each commissioner, within thirty days after notice of his appointment and before entering upon the discharge of the duties of his office, shall take, subscribe and file with the Secretary of State the oath of office prescribed by the Constitution of this State. Each of said commissioners shall receive an annual salary of five thousand dollars, payable in the same manner that salaries of other State officers are paid.

§ 6. The commissioners first appointed under this act, after having duly qualified, shall without delay meet at the Capitol in Madison, and shall thereupon organize and elect one of their number as chairman. A majority of said commissioners shall constitute a quorum for the transaction of the business and the performance of the duties of the commission. The said commission shall be in continuous session and open for the transaction of business every day except Sundays and legal holidays; and the ses-

sions of such commission shall stand and be deemed to be adjourned from day to day without formal entry thereof upon its records. The commission may hold sessions or conduct investigations at any place other than the Capitol when deemed necessary to facilitate the performance of its duties.

§ 7. Said commission may appoint a secretary at a salary of not more than two thousand dollars per annum, one clerk at a salary of not more than fifteen hundred dollars, one clerk at a salary of not more than twelve hundred dollars and one at a salary of not more than one thousand dollars, one of which clerks shall be a stenographer. The commission may employ such other persons as experts and assistants as may be necessary to perform the duties that may be required of the commission and fix their compensation. The secretary shall keep full and correct minutes of all hearings, transactions and proceedings of said commission and shall perform such other duties as may be required by the commission. The commission shall have power to make all needful rules, not inconsistent with law, for the orderly and methodical performance of its duties as a board of assessment or otherwise, and for conducting hearings and other proceedings before it.

§ 8. The commission shall keep its office at the Capitol and shall be provided with suitable rooms, necessary office furniture, supplies, stationery, books, periodicals and maps; and all necessary expenses shall be audited and paid as other State expenses are audited and paid. The commissioners, secretary and clerks, and such experts and assistants as may be employed by the commission shall be entitled to receive from the State their actual necessary expenses while traveling on the business of the commission; such expenditures to be sworn to by the party who incurred the expense and approved by the chairman of the commission or a majority of the members of such commission.

§ 9. It shall be the duty of the commission, and it shall have power and authority:

(1) To have and exercise general supervision over the administration of the assessment and tax laws of the State, over assessors, boards of review and supervisors of assessment, and over county boards in the performance of their duties as county boards of assessment, to the end that all assessments of property be

made relatively just and equal at true value in substantial compliance with law.

(2) To confer with, advise and direct assessors, boards of review, county boards of assessment and supervisors of assessment as to their duties under the statutes of the State.

(3) To direct proceedings, actions and prosecutions to be instituted to enforce the laws relating to the penalties, liabilities and punishment of public officers, persons and officers or agents of corporations for failure or neglect to comply with the provisions of the statutes governing the return, assessment and taxation of property; and to cause complaints to be made against assessors, members of boards of review, supervisors of assessment, and members of county boards, or other assessing or taxing officers, to the proper circuit judge for their removal from office for official misconduct or neglect of duty.

(4) To require district attorneys to assist in the commencement and prosecution of actions and proceedings for penalties, forfeitures, removals and punishment for violations of the laws of the State in respect to the assessment and taxation of property in their respective counties.

(5) To require town, city, village, county and other public officers to report information as to the assessment of property, collection of taxes, receipts from licenses and other sources, the expenditure of public funds for all purposes, and such other information as may be needful in the work of the commission, in such form and upon such blanks as the commission may prescribe.

(6) To require individuals, partnerships, companies, associations and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, value of property, earnings, operating and other expenses, taxes and all other facts which may be needful to enable the commission to ascertain the value and the relative burdens borne by all kinds of property in the State.

(7) To summon witnesses to appear and give testimony, and to produce records, books, papers and documents relating to any matter which the commission shall have authority to investigate or determine.

(8) To cause the deposition of witnesses residing within or without the State or absent therefrom, to be taken, upon notice

to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions pending in the circuit court, in any manner which the commission shall have authority to investigate or determine.

(9) To visit the counties in the State, unless prevented by other necessary official duties, for the investigation of the work and the methods adopted by local assessors, boards of review, supervisors of assessment and county boards, in the assessment, equalization and taxation of real and personal property.

(10) To carefully examine into all cases where evasion or violation of the laws for assessment and taxation of property is alleged, complained of or discovered, and to ascertain wherein existing laws are defective or are improperly or negligently administered.

(11) To investigate the tax systems of other States and countries and to formulate and recommend such legislation as may be deemed expedient to prevent evasion of assessment and tax laws and to secure just and equal taxation and improvement in the system of taxation in the State.

(12) To inquire into the system of accounting of public funds in use in towns, cities, villages and counties, and to devise and prescribe a uniform system of accounting of the receipts and disbursements of public funds in the municipalities of the State.

(13) To consult and confer with the Governor of the State upon the subject of taxation, the administration of the laws in relation thereto and the progress of the work of the commission, and to furnish the Governor from time to time such assistance and information as he may require.

(14) To transmit to the Governor and to each member of the Legislature, thirty days before the meeting of the Legislature, the report of the commission showing all the taxable property in the State and the value of the same in tabulated form with recommendations for improvement in the system of taxation in the State, together with such measures as may be formulated for the consideration of the Legislature.

(15) To exercise and perform such further powers and duties as may be granted to or imposed upon the commission by law.

§ 10. Oaths to witnesses in any matter under the investigation or consideration of the commission may be administered by

the secretary of the commission or by any member thereof. In case any witness shall fail to obey any summons to appear before said commission or shall refuse to testify or answer any material question or to produce records, books, papers or documents where required so to do, such failure or refusal shall be reported to the Attorney General, who shall thereupon institute proceedings in the proper circuit court to compel obedience to any summons or order of the commission or to punish witnesses for any such neglect or refusal. Any person who shall testify falsely in any material matter under the consideration of the commission shall be guilty of and punished for perjury. In the discretion of the commission, officers who serve summons or subpoenas, and witnesses attending, shall receive like compensation as officers and witnesses in the circuit court.

§ 11. The said commission, upon the qualification of its members and the organization thereof as hereinbefore provided, shall become successors in office to the present commissioner and assistant commissioners of taxation, and thereupon all the power and authority vested in or conferred upon said last named officers or any of them, and all duties imposed upon them, or any of them, by any act or statute then in force or by any act thereafter taking effect, passed at this legislative session, shall devolve upon and thenceforth be exercised and performed by said commission, and the office of commissioner of taxation and of the first and second assistant commissioners of taxation shall cease and terminate.

§ 12. The power and authority and the duties which shall devolve upon and be exercised and performed by said commission as provided in the preceding section, shall extend to and include all those conferred or imposed upon said commissioner and assistant commissioners of taxation as a State board of assessment or taxing board for any purpose by any act or statute which shall be in force at the time of the organization of said commission and termination of said offices of commissioners and assistant commissioners of taxation, or by any act thereafter taking effect passed at this legislative session, and shall include the power and authority of said commissioner and assistant commissioners as a State board for the assessment and taxation of the property of railroad companies under the provisions of chapter 315 of the Laws of 1903 and acts amendatory thereof. All proceedings, hear-

ings or other matters then pending before said commissioner and assistant commissioners, as a State board of assessment or otherwise, and all investigations or other official work undertaken by them or any of them and then remaining uncompleted, shall be continued, carried on and completed by and before said commission. All records, books, papers, documents and memoranda and all office equipment, materials and supplies in the official custody or possession of said commissioner and assistant commissioners of taxation or of any of them, as a State board of assessment or otherwise, upon the termination of their offices as above provided shall be transferred to said commission as their successors in office for all purposes, and said commission shall thereupon and thenceforth have official possession and custody of the same.

§ 13. There is hereby annually appropriated out of the general fund in the State treasury a sum sufficient to carry out the provisions of this act.

§ 14. This act shall take effect and be in force from and after its passage and publication.

Approved June 15, 1905.

Note.

Reference is made to the following acts as affecting and enlarging the powers of the tax commission in regard to special subjects:

Chapters 111, 112, 113 and 114, Laws of 1899, chapter 35, Laws of 1903, and chapter 477, Laws of 1905, relating to the taxation of express, sleeping car, freight line and equipment companies and their assessment by the tax commission;

Chapter 237, Laws of 1901, making the commission a State board of assessment to assess the general property of the State;

Chapter 315, Laws of 1903, and chapter 216, Laws of 1905, relating to the taxation of railroads and their assessment by the commission;

Chapter 259, Laws of 1905, authorizing the commission to order a reassessment in assessment districts;

Chapter 474, Laws of 1905, authorizing the tax commission to review the assessment made by county boards;

Chapter 493, Laws of 1905, for the taxation of street railways and their assessment by the commission, and

Chapter 494, Laws of 1905, for the taxation of telegraph and telephone companies and their assessment by the commission.

THE NEW YORK TAX ON MORTGAGES.

Statutory Provisions.

§ 250. **Definitions**—The words “real property” and “real estate” as used in this article, in addition to the definition thereof contained in section two of this chapter, shall be understood to include everything a conveyance or mortgage of which can be recorded as a conveyance or mortgage of real property under the laws of the State. The words “mortgage of real property” as used in this article include every mortgage by which a lien is created over or imposed on real property or which affects the title to real property, notwithstanding that it may also be a lien on personal or other property or that personal or other property may form a part of the security for the debt or debts secured by such mortgage. Executory contracts for the sale of real property under which the vendee has or is entitled to possession shall be deemed to be mortgages for the purposes of this article and shall be assessed at the amount unpaid on such contracts. A contract or agreement by which the indebtedness secured by any mortgage is increased or added to shall be deemed a mortgage of real property for the purpose of this article, and shall be taxable as such upon the amount of such increase or addition.

§ 251. **Exemption from local taxation**—All mortgages of real property situated within the State which are taxed by this article and the debts and the obligations which they secure, together with the paper writings evidencing the same, shall be exempt from other taxation by the State, counties, cities, towns, villages, school districts and other local subdivisions of the State, except that such mortgage shall not be exempt from the taxes imposed by sections twenty-four, one hundred and eighty-seven, one hundred and eighty-eight, one hundred and eighty-nine and article ten of this chapter; but the exemption conferred by this section shall not be construed to impair or in any manner affect the title of any purchaser of land or real estate which may be sold for non-payment of taxes levied by any local authority.

§ 252. **Exemptions**—No mortgage of real property situated within this State shall be exempt, and no person or corporations

owning any debt or obligation secured by mortgage of real property situated within this State shall be exempt from the taxes imposed by this article by reason of anything contained in any other statute, or by reason of any provision in any private act or charter which is subject to amendment or repeal by the Legislature, or by reason of non-residence within this State or for any other cause.

§ 253. **Recording tax**—A tax of fifty cents for each one hundred dollars and each remaining major fraction thereof of principal debt or obligation which is, or under any contingency may be secured at the date of the execution thereof or at any time thereafter by mortgage on real property situated within the State recorded on or after the first day of July, nineteen hundred and six, is hereby imposed on each such mortgage, and shall be collected and paid as provided in this article. If the principal debt or obligation which is or by any contingency may be secured by such mortgage recorded on or after the first day of July, nineteen hundred and seven, is less than one hundred dollars, a tax of fifty cents is hereby imposed on such mortgage, and shall be collected and paid as provided in this article.

§ 254. **Optional tax on prior mortgages**—Whenever any mortgage other than a mortgage specified in section two hundred and sixty-four has been recorded prior to July first, nineteen hundred and six, the record owner thereof may file with the recording officer of the county in which the real property, or any part thereof, on which said mortgage is a lien, is situated, a written statement under oath verified by the record owner or the agent or officer of such record owner describing such mortgage by giving the date of the same and the liber and page of the record thereof, together with the names of the parties thereto, specifying the amount then remaining unpaid on the debt or obligation secured thereby, and electing that it shall become subject to the tax prescribed by section two hundred and fifty-three of this chapter. Whenever any unrecorded mortgage has been executed and delivered prior to July first, nineteen hundred and six, the owner thereof may record the same upon filing with the recording officer a similar statement and paying the tax as herein prescribed. A tax shall thereupon be computed, levied and collected upon the amount of the principal debt or obligation unpaid at the time of the filing of such state-

ment, or of the recording of such mortgage and filing of such statement. On the payment of such tax as herein provided, the recording officer shall note on the margin of the record of such mortgage the fact of such statement and of the amount of the tax paid, attested by his signature, whereupon such mortgage and the debt or obligation secured thereby shall be entitled to the exemptions and immunities conferred by this article, and all of the provisions of this article shall thereafter be applicable to said mortgage. Whenever the original mortgage is presented to the clerk together with the statement he shall also note on said original mortgage the fact of the filing of the said statement and also the amount of the tax paid duly attested by his signature, which indorsement shall be conclusive evidence of the payment of such tax.

§ 255. **Supplemental mortgages**—If, subsequent to the recording of a mortgage on which all taxes, if any, accrued under this article have been paid, a supplemental instrument or mortgage is recorded for the purpose of correcting or perfecting any recorded mortgage, or pursuant to some provision or covenant therein, or an additional mortgage is recorded imposing the lien thereof upon property not originally covered by or not described in such recorded primary mortgage for the purpose of securing the principal indebtedness which is or under any contingency may be secured by such recorded primary mortgage, such additional instrument or mortgage shall be subject to taxation under this article, unless it creates or secures a new or further indebtedness or obligation other than the principal indebtedness or obligation secured by or which under any contingency may be secured by the recorded primary mortgage, in which case, a tax is imposed as provided by section two hundred and fifty-three of this chapter on such new or further indebtedness or obligation, and shall be paid to the proper recording officer at the time such instrument or additional mortgage is recorded. If at the time of recording such instrument or additional mortgage any exemption is claimed under this section, there shall be filed with the recording officer and preserved in his office a statement under oath of the facts on which such claim for exemption is based. The determination of the recording officer upon the question of exemption shall be reviewable by the State Board of Tax Commissioners.

§ 256. **Mortgages for indefinite amounts or for contract obligations**—If the principal indebtedness secured or which by any contingency may be secured by a mortgage is not determinable from the terms of the mortgage, or if a mortgage is given to secure the performance by the mortgagor or any other person of a contract obligation other than the payment of a specific sum of money and the maximum amount secured or which by any contingency may be secured by the mortgage is not expressed therein, such mortgage shall be taxable under section 253 of this chapter upon the value of the property covered by the mortgage, which shall be determined by the recording officer to whom such mortgage is presented for record, unless at the time of presenting such mortgage for record the owner thereof shall file with the recording officer a sworn statement of the maximum amount secured or which under any contingency may be secured by the mortgage. If such maximum amount is expressed in the mortgage or in a sworn statement filed as required by this section, such amount shall be the basis for assessing the tax imposed by this article. A statement filed by the owner of a mortgage pursuant to this section shall thereafter at all times be binding upon and conclusive against such owner, the holders of any bonds or obligations secured by such mortgage and all persons claiming through the mortgagee any interest in the mortgage or the mortgaged premises. If the maximum amount secured or which by any contingency may be secured by the mortgage is not expressed in the mortgage or in a sworn statement is authorized by this section, the recording officer at the time such mortgage is offered for record may require the mortgagor or mortgagee to furnish him with proofs as to such facts as he deems necessary for the purpose of computing the value of the property covered by the mortgage, and such proofs shall be preserved in his office. His determination as to the basis for computing the tax on such mortgage shall be subject to review by the State Board of Tax Commissioners.

§ 257. **Payment of taxes**—The taxes imposed by this article shall be payable on the recording of each mortgage of real property subject to taxes thereunder. Such taxes shall be paid to the recording officer of any county in which the real property or any part thereof is situated. It shall be the duty of such recording officer to indorse upon each mortgage a receipt for the amount

of the tax so paid. Any mortgage so indorsed may thereupon or thereafter be recorded by any recording officer and the receipt for such tax indorsed upon each mortgage shall be recorded therewith. The record of such receipt shall be conclusive proof that the amount of tax stated therein has been paid upon such mortgage.

§ 258. **Effect of non-payment of taxes**—No mortgage of real property shall be recorded by any county clerk or register unless there shall be paid the tax imposed by and as in this article provided. No mortgage of real property which is subject to the taxes imposed by this article shall be released, discharged of record or received in evidence in any action or proceeding, nor shall any assignment of or agreement extending any such mortgage be recorded unless the taxes imposed thereon by this article shall have been paid as provided in this article. No judgment or final order in any action or proceeding shall be made for the foreclosure or enforcement of any mortgage which is subject to the taxes imposed by this article or of any debt or obligation secured by or which secures any such mortgage, unless the taxes imposed by this article shall have been paid as provided in this article.

§ 259. **Trust mortgages**—In the case of mortgages made by corporations in trust to secure payment of bonds or obligations issued or to be issued thereafter, if the total amount of principal, indebtedness which under any contingency may be advanced or accrue or which may become secured by any such mortgage which is subject to this article has not been advanced or accrued thereon or become secured thereby before such mortgage is recorded, it may contain at the end thereof a statement of the amount which at the time of the execution and delivery thereof has been advanced or accrued thereon, or which is then secured by such mortgage; thereupon the tax payable on the recording of the mortgage shall be computed on the basis of the amount so stated to have been so advanced or accrued thereon or which is stated to be secured thereby. Such statement shall thereafter at all times be binding upon and conclusive against the mortgages, the holders of any bonds or obligations secured by such mortgage and all persons claiming through the mortgagee any interest in the mortgage or in the mortgage premises. Whenever a further amount is to be advanced under the original mortgage, or shall accrue thereon or become secured thereby, the corporation making such mort-

gage shall, at or before the time when such amount is to be advanced, accrues or becomes secured, file in the office of the recording officer where such mortgage has been or is first recorded a statement, verified by the secretary, treasurer or other proper officer of said corporation of the amount of principal indebtedness to be so advanced, accruing or becoming secured, and the tax on such amount shall become due and payable at the time of filing such statement. Such additional tax shall be paid to the recording officer where such mortgage has been or is first recorded and a receipt therefor shall be indorsed upon the mortgage and payment therefor shall be noted in the margin of the record of such mortgage, and if requested a duplicate receipt for such payment shall also be given to the party paying such tax and the note of such payment or additional payment or such receipt shall have the same force and effect as the record of receipt of the tax which under this article is payable at or before the recording of the mortgage. If such additional tax is not paid as required by this section, the trust mortgagee shall not certify any bond or other obligation issued, on account thereof. The corporation making such mortgage or the owner of the property which secures the mortgage debt shall annually within thirty days after July first, and until it shall appear by such statement that the maximum amount of principal indebtedness secured by such mortgage has been advanced, has accrued or become secured and the tax thereon paid, file in the offices of the State Board of Tax Commissioners and the recording officer where such mortgage has been or is first recorded, a statement, verified by the secretary, treasurer or other officer of said corporation, showing:

1. The name of the mortgagor or mortgagee;
2. The date of the mortgage and the county where first recorded;
3. The maximum amount of principal debt or obligation which under any contingency may be secured by such mortgage;
4. The amount advanced on such mortgage during the year ending June thirtieth preceding, with the date and the amount of each advancement;
5. In the case of a mortgage recorded prior to July first, nineteen hundred and six, the first annual statement filed under this section, as hereby amended, shall state the total amount advanced

prior to July first, nineteen hundred and six, and the date and the amount of each subsequent advancement to the end of the period covered by the statement.

A failure to file any statement required by this section within the time required shall subject the corporation making such mortgage to a penalty of one hundred dollars per day for each day such failure continues, recoverable by the Attorney General in an action brought in the name of the people of the State of New York. (Thus amended by L. 1909, chapter 412, in effect May 20, 1909.)

§ 260. Relates to apportionment between State and localities.

§ 261. Payment over and distribution of taxes.

§ 262. Expenses of officers.

§ 263. Supervisory power of State Board of Tax Commissioners and State Comptroller.

§ 264. Tax on prior advance mortgages.

§ 265. Tax a lien; exceptions.

§ 266. Enforcement; procedure.

§ 267. Idem; where recovery is had against trust mortgagee.

This tax yielded in 1912 \$3,769,316.86.

REPORT OF NATIONAL
TAX ASSOCIATION.

REPORT OF NATIONAL TAX ASSOCIATION.

In 1911 a committee of the National Tax Association, especially appointed to consider and report on Practical Substitutes for Personal Property Tax, reported among other things as follows:

a. Taxation of intangible personal property.

The attempt to tax all property annually at a uniform rate upon its value and by assessment of its owner has broken down most completely in the case of intangible property, i. e., the evidences of ownership of tangible real or personal property such as shares of stock, bonds, notes, mortgages, credits. This breakdown is admitted by both the defenders and opponents of the general property tax. No less than three substitutes have been tried for the tax on intangible personalty. Two of these were first applied in New York. The first method is known as the Mortgage Recording Tax. It is a tax of one-half of one per cent., based on the face value of mortgages of real property in the State, and must be paid before the mortgage can be placed on record. The payment of this tax exempts the mortgage and any bonds secured thereby from taxation in the hands of the holder. This method has been copied in Minnesota, Alabama and Michigan. It has been found to afford a considerable revenue collected cheaply, with certainty and impartiality. It does not depend upon the vigilance of the local assessor or the conscience of the taxpayer.

The second plan, recently adopted by the State of New York, extends this idea so that owners of bonds and securities which do not come under the mortgage recording tax may present them to the State Comptroller, and by paying a tax of one-half of one per cent. upon the face value, secure exemption from personal property assessment. This tax is admitted to be a compromise, intended to secure a fair and definite revenue, in exchange for an exemption from liability to the unequal and unfair personal property assessment. It might be termed the registry tax.

Somewhat similar is the plan adopted in Connecticut several years ago, whereby a specific tax paid to the State exempts the security from local taxation for five years. This plan and the New York security or registry tax in lesser degree have something of

a disadvantage in that they do not provide a positive method for reaching the security. The State tax is optional, and its collection depends on the efficacy of the threat that if unpaid the local assessor will catch the security holder for a much higher tax. As compared with this, the recording tax is both positive and automatically enforceable.

The recording and the registry tax will between them reach the greater part of intangible personalty. They will provide a fair revenue—much larger than that now secured from intangible personalty—without hardship, and without the gross inequalities inseparable from the ordinary personal property assessment.

With respect to the mortgage recording tax it should be pointed out that the tax is generally paid by the borrowers. This, however, is also true of other forms of mortgage taxation.

In recommending the recording and registry tax your committee consider it necessary to call attention to the desirability of adjusting the amount of the tax to the length of the period for which exemption from other taxation is granted. The objection has been made to the laws now in force in some of the States, that the tax is paid once and for all, and the amount is fixed without regard to the period of exemption. Your committee recognizes that in New York conditions may be exceptional, so that the objection loses force; but they believe that in the majority of States the recording and registry tax should not be payable once and for all, but should be adjusted either as is now done in Connecticut, to some limited period of exemption, or through the imposition of a higher rate, to the life of the security.

The third method, which is that followed in Pennsylvania and Maryland, and more recently introduced in Minnesota and Iowa, may be called the classified tax. It is the plan of taxing intangible personalty annually at a fixed rate uniform throughout the State, lower than imposed on other classes of property. This possesses the advantage of an annual levy.

Your committee, while recommending this plan, consider it important to point out that the lower rate of taxation for intangible property does not meet all the needs of the case. While such lower rate may be a mitigation of the hardships of the general property tax, and will tend to increase the willingness of taxpayers to return such property for taxation, the plan will not pro-

duce thoroughly satisfactory results if the enforcement is left wholly to local boards of assessors. It is necessary to supplement the lower rate by effective State supervision of the work of assessment, as Minnesota has done; and the committee accordingly recommends that States considering the adoption of this substitute for the existing tax on intangibles should not fail to provide also methods of administration that will make rigorous enforcement possible.

Summing up, your committee believe that the Special Securities Tax, as we should like to call it, whether in the form of the recording, the registry or the classified tax, either separately or in combination, constitutes a practicable substitute for the tax on intangible personalty.

The remainder of the report has to do with the taxation of "Tangible Personal Property" and so not in point here.

This report was signed by:

Edwin R. A. Seligman, Chairman, Professor of Economics, Columbia University, New York; T. S. Adams, member of State Tax Commission, Madison, Wis.; Charles J. Bullock, Professor of Economics, Harvard University, Cambridge, Mass.; J. W. Harris, Assessment Commissioner, Winnipeg, Manitoba; Nils P. Haugen, Chairman State Tax Commission, Madison, Wis.; Frank L. McVey, President University of North Dakota, Grand Forks, N. D., and formerly Chairman of the Minnesota Tax Commission; Arthur C. Pleydell, Secretary National Tax Association, North Plainfield, N. J.

CONNECTICUT. CHOSE IN ACTION TAX.

Statutory Provisions.

§2325. **Payment to State Treasurer of tax on choses in action—**Any person may take or send to the office of the Treasurer of this State any bond, note or other chose in action, or a description of the same, and may pay to the State a tax of two per centum on the face amount thereof for five years or, at the option of such person, for a greater or less number of years at the same rate, under such regulations as the Treasurer may prescribe, and the Treasurer shall thereupon make an indorsement upon said bond, note or other chose in action, or shall give a receipt for the tax

thereon, describing said bond, note or other chose in action, certifying that the same is exempt from all taxation for the period of five years, or for such longer or shorter period for which a proportionate tax has been paid, which indorsement or receipt shall be duly dated and signed in the name of the Treasurer and with the seal of the Treasurer affixed. Said Treasurer shall keep a record of such indorsements and receipts with a description of such bonds, notes or other choses in action, together with the name and address of the party presenting the same and date of registration; and said Treasurer shall, annually, on or before the tenth day of November, mail to the town clerk of each town a general description of all such bonds, notes or other choses in action so registered before the first day of the October last preceding by persons residing in such town, and the date and period of such registration, and the names of the persons by whom the same were registered; and all bonds, notes or other choses in action so indorsed or described in such a receipt shall be exempt from all taxation in the State during the period for which said tax is so paid.

Enacted in 1889, rate 2 mills. Amended 1897, rate 4 mills.

On this section the Tax Commission makes the following comment:

Report of the Tax Commission, 1911-1912.

The present statute permits the registration of choses in action in the Treasurer's office by the bearer, and does not require the owner's name to appear on the records in that office, nor to be sent to the town clerk of the town in which the owner resides. It is customary for banks and trust companies to pay the tax on a large amount of securities owned by their different clients; the registration of the same being in the name of the company instead of in the name of the individual owner.

Section 2325 requires the State Treasurer to send to the town clerks before November 10 a list of choses in action so registered with the name of the bearer but not of the owner.

This makes it difficult for the assessors to check the taxation of bonds under this procedure in the name of the owner.

**Receipts From Tax on Choses in Action Paid to the State Treasurer
With Number and Total Valuation of Notes, Bonds, Etc.**

Fiscal Year Ended	Rate.	Number of Notes, etc.	Amount of Notes, etc.	Tax.
1908-----	4 mills	35,028	\$38,159,815.75	\$160,625.91
1909-----	4 mills	35,260	37,046,708.39	161,780.36
1910-----	4 mills	37,555	40,993,148.95	167,796.03
1911-----	4 mills	36,859	39,271,309.94	159,720.20
1912-----	4 mills	37,462	40,107,886.05	161,385.25

THE NEW YORK TAX ON SECURED DEBTS.

Statutory Provisions.

§ 330. **Definitions**—The words “secured debts,” as used in this article, shall include:

(1) Any bond, notes or debt secured by mortgage of real property recorded in any State or country other than New York and not recorded in the State of New York;

(2) Any and all bonds, notes or written or printed obligations, forming a part of a series of similar bonds, notes or obligations, the payment of which is secured by a mortgage or deed of trust of real or personal property, or both, which mortgage or deed of trust is recorded in some place outside of the State of New York, and not recorded in the State of New York;

(3) Any and all bonds, notes or written or printed obligations, forming part of a series of similar bonds, notes or obligations, which are secured by the deposit of any valuable securities, as collateral security for the payment of such bonds, notes or obligations, under a deed of trust or collateral agreement held by a trustee;

(4) Any bonds, debentures or notes, forming part of a series of similar bonds, debentures or notes, which by their terms are not payable within one year from their date of issue and which are not issued for an amount exceeding one thousand dollars for each bond, debenture or note, and the payment of which is not secured by the deposit or pledge of any collateral security. The term “secured debts” as used in this article shall not include securities held as collateral to secure the payment of bonds taxable under this article or under article eleven of this chapter. (Added by Law 1911, chapter 802, in effect September 1, 1911.)

§ 331. **Payment of tax on secured debt**—Any person may take or send to the office of the Comptroller of this State any secured debt or a description of the same, and may pay to the State a tax of one-half per centum on the face value thereof, under such regulations as the comptroller may prescribe, and the comptroller shall thereupon make an indorsement upon said secured debt or shall give a receipt for the tax thereon, describing said secured debt and certifying that the same is exempt from taxation, which indorsement or receipt shall be duly signed and dated by the comptroller or his duly authorized representative. The comptroller shall keep a record of such indorsements and receipts with a description of such secured debt, together with the name and address of the person presenting the same and the date of registration. All secured debts so indorsed or described in such receipt shall thereafter be exempt from all taxation in the State or any of the municipalities or local divisions of the State except as provided in sections twenty-four, one hundred and eighty-seven, one hundred and eighty-eight, one hundred and eighty-nine of this chapter, and in articles ten and twelve of this chapter. (Added by Law 1911, chapter 802, in effect September 1, 1911.)

§ 332. **Stamps—How prepared and used**—Adhesive stamps for the purpose of paying the tax provided for by this article shall be prepared by the comptroller, in such form and of such denominations and in such quantities as he may from time to time prescribe. Upon the payment of the tax provided by this article upon any secured debt the comptroller shall affix stamps of the proper denominations, equal in face value to the amount of tax paid, to the secured debt or to the receipt for the tax, and shall cancel the same by the seal of his office or by such other cancelling device as he may prescribe. (Added by Law 1911, chapter 802, in effect September 1, 1911.)

§ 333. **No exemption unless stamps are affixed and cancelled**—The payment of the tax upon any secured debt, as provided in this article, shall not exempt such secured debt from taxation, as provided in section three hundred and thirty-one, unless stamps to the proper amount are affixed and cancelled, as provided in the preceding section. (Added by Law 1911, chapter 802, in effect September 1, 1911.)

§ 334. Contracts for dies—New York City office—Expenses—How paid.

§ 335. Illegal use of stamps—Penalty—Any person who shall wilfully remove or cause to be removed, alter or cause to be altered the cancelling or defacing marks of any adhesive stamp provided for by this article with intent to use the same or to cause the use of the same after it shall have been used or shall knowingly or wilfully sell or buy any washed or restored stamp, or offer the same for sale, or give or expose the same to any person for use, or knowingly use the same or prepare the same with intent for the further use thereof, or shall wilfully use any counterfeit stamp or any forged stamp with intent to defraud the State of New York, shall be guilty of a misdemeanor and on conviction thereof shall be liable to a fine of not less than five hundred nor more than one thousand dollars, or be imprisoned for not more than six months, or by both such fine and imprisonment, at the discretion of the court. (Added by Law 1911, chapter 802, in effect September 1, 1911.)

§ 336. No deduction of debts against taxable debt—The owner of any secured debt, on which the tax provided for in this article has not been paid, shall be assessed upon such secured debt in the taxing district in which he resides, upon the fair market value of such secured debt and no deduction for the just debts owing by him shall be allowed against the assessed value of such secured debt, as provided in section twenty-one of this chapter or elsewhere in this chapter or in any other law of this State. (Added by Law 1911, chapter 802, in effect September 1, 1911.)

§ 337. Application of taxes—The taxes imposed under this article and the revenues thereof shall be paid by the State Comptroller into the State Treasury and be applicable to the general fund, and to the payment of all claims and demands which are a lawful charge thereon. (Added by Law 1911, chapter 802, in effect September 1, 1911.)

This tax yielded in 1912, the first year of its collection, \$1,852,324.45.

AN OUTLINE OF THE STATE TAX COMMISSIONS AND SIMILAR BOARDS IN DIFFERENT STATES.

Tax Commissions.

Nearly twenty States, including most of the more important States, have established a permanent tax commission, or commissioner, with larger powers than the boards of equalization and assessment. These tax commissioners usually value and assess certain classes of corporate property, and also have considerable powers of supervision over local assessors and authority to investigate the general system of taxation, and sometimes the power of equalizing local valuations.

Massachusetts, Connecticut, Vermont and Maryland have each had a single salaried tax commissioner for a number of years; in 1904 West Virginia, and in 1909 Wyoming, established a similar office. Boards of tax commissioners have been established within the past twenty-five years in Indiana (1891), New York (1896), Michigan and Wisconsin (1899), New Jersey, Texas and Washington (1905), Minnesota, Kansas and Alabama (1907), Arkansas and Oregon (1909), and Ohio (1910). These boards of tax commissioners are in most instances composed of three members, each receiving a salary of from \$2,500 (in Michigan and Kansas) to \$4,500 in Minnesota, and \$5,000 in New York, Ohio and Wisconsin.

In the States where permanent tax commissions have recently been established, there has been a notable improvement in the administration of the tax laws. The assessed valuations have been markedly increased, from 50 per cent. (in Indiana) to three-fold (in Michigan), and even six-fold (in Kansas); while by conferences with county officials and personal visits to the different parts of the State, the tax commissioners have secured a more equal assessment.

TABLE 35.

PERMANENT STATE TAX COMMISSIONS.

State.	Number of Members.	How Chosen.	Annual Salary.
Massachusetts -----	1	Appointed by Governor and Council for three years -----	\$5,000
Connecticut -----	1	Appointed by Governor and Senate for four years -----	3,000
Vermont -----	1	Appointed by Governor and Senate for two years -----	-----

New York	3	Appointed by Governor for three years---	5,000
New Jersey	5	Appointed by Governor and Senate for five years -----	*3,500
Maryland	1	Appointed for four years-----	2,500
North Carolina	5	Elected by popular vote for six years-----	3,000
Alabama	3	Appointed by Governor for four years----	†2,400
West Virginia	1	Appointed by Governor and Senate for six years -----	4,000
Ohio	3	Appointed by Governor and Senate for three years -----	5,000
Indiana	3	Appointed by Governor for four years----	3,000
Michigan	3	Appointed by Governor and Senate for six years -----	2,500
Wisconsin	3	Appointed by Governor and Senate for eight years -----	5,000
Minnesota	3	Appointed by Governor and Senate for six years -----	4,500
Kansas	3	Appointed by Governor and Senate for four years -----	2,500
Wyoming	1	Appointed by Governor and Senate for two years -----	2,500
Washington	3	Appointed by Governor and Senate for four years -----	3,000
Oregon	2	Appointed, and three ex-officio, for four years -----	2,500

*Chairman, \$5,000. †Chairman, \$3,000.

Maine.

The Board of State Assessors consists of three members appointed for a term of six years—one member every two years. This board has powers of supervision over local assessors and of investigation of local assessments; it acts as a board of equalization; and it administers the law as to the taxation of corporations.

New Hampshire.

The State Board of Equalization consists of five members appointed by the Supreme Court and commissioned by the Governor. It acts as a board of equalization and also as a board of assessment for corporate taxes in the case of railroad, sleeping, dining and parlor car, telegraph, telephone and express companies.

Vermont.

There is no equalization and no active supervision over local assessors. The Commissioner of State Taxes, appointed biennially

by the Governor and Senate, administers the State taxes on corporations.

Massachusetts.

The State Tax Commissioner, who is also Commissioner of Corporations, is appointed by the Governor for a term of three years. He reports to the general court (the State Legislature) on equalization and apportionment of State and county taxes in cities and towns, and also administers the State corporation taxes. By Act of 1908, the Tax Commissioner appoints three supervisors to aid local assessors in ascertaining valuations.

Rhode Island.

There is no provision for equalization; but any person aggrieved by assessment may petition the Supreme Court for relief. Certain special corporation taxes are paid to the State Treasurer, elected each year. There is a tax commission of three members established in 1913.

Connecticut.

The State Board of Equalization consists of the Treasurer, Comptroller and Tax Commissioner. The State Tax Commissioner, who administers the taxes on corporations, is appointed by the Governor for a term of four years.

MIDDLE ATLANTIC STATES.

New York.

The State Board of Equalization, established in 1859, consisted of a number of the elective State officers (Lieutenant Governor, Secretary of State, Attorney-General, State Treasurer, State Engineer and Surveyor) with the Speaker of the Assembly. To these were added in 1896 the three Tax Commissioners, and since then the Board of Equalization has had only formal meetings to confirm the equalizations recommended by the Tax Commissioners.

The Board of Tax Commissioners, established in 1896, consists of three members appointed by the Governor and Senate for a term of three years, at a salary of \$5,000 each. They have power to investigate and examine methods of assessment within

the State; to furnish local assessors with information to aid them in their duties, and to make rules and regulations. They hear and decide on appeals by supervisors from the decisions of county boards of one in two years, to inquire into the methods of assessment and taxation. Since 1899 the tax commissioners also assess the value of the special franchises of public service corporations.

New Jersey.

The State Board of Assessors, established in 1881, consists of four members. It assesses the State franchise taxes on gross receipts and capital stock of corporations.

The Board of Equalization of Taxes, established in 1905, took the place of the former State Board of Taxation, with larger powers. The new board "for the equalization, revision, review and enforcement of taxation" consists of five members appointed by the Governor and Senate, for a term of five years, the president receives an annual salary of \$5,000, and the other members each \$3,500 a year. This board is authorized to investigate complaints of unequal valuation and the methods of local assessors, to review and correct the action of local assessors, and in certain cases it may direct the assessor to make a reassessment.

Under this system of administrative supervision there has been a very marked increase in the assessed valuation of property.

Pennsylvania.

The Auditor General "makes settlements" (i. e., makes the assessments) for the following taxes:

Tax on the capital stock of corporations, or interest in limited partnerships or joint associations.

Tax on county, municipal, borough and corporate loans.

Tax on gross receipts of transportation, transmission and electric light companies.

Tax on the stock of banks.

Tax on the gross premiums of domestic insurance companies with capital stock.

Tax on the net earnings or income of brokers, private bankers and unincorporated banks and savings institutions.

Tax on the matured shares of building and loan associations.

Tax on the gross receipts of notaries public in Philadelphia County.

The Board of Revenue Commissioners consists of the Auditor General, State Treasurer and Secretary of the Commonwealth. This board adjusts and equalizes the valuations of personal property between the several counties.

Delaware.

The State Treasurer, an officer elected for a term of two years, collects most of the specific taxes, including taxes on railroads, canals, telegraph, telephone and express companies, and licenses for the manufacture of liquor.

Other State revenue is collected by the county clerks, register of wills, oyster revenue collector, Insurance Commissioner and the Secretary of State.

SOUTHERN STATES.

Maryland.

The State Tax Commissioner, established 1878, is appointed by the Governor, Comptroller and Treasurer for a term of four years. He supervises the county commissioners when acting as a board of control and review of local assessments, and has charge of the administration of various corporation taxes.

Virginia.

The State Corporation Commission, established by the constitution of 1902, assesses the property of railroads and canal companies and telegraph, telephone, express, steamboat, steamship and sleeping car properties.

West Virginia.

There is a Tax Commissioner, appointed by the Governor and Senate, for a term of six years, at a salary of \$4,000. A State Board of Equalization is authorized by the Legislature at each decennial valuation of real estate. The Board of Public Works assesses the property of public service corporations.

North Carolina.

The Corporation Commission (three members elected for a term of six years) constitutes a board of appraisers and assessors for railroads, telegraph, telephone, street railway, canal and steam-

boat companies, and other companies exercising the right of eminent domain.

In 1907 there was created a State Board of Equalization consisting of seven State officers ex officio, to equalize the assessment of real estate.

South Carolina.

This State Board of Equalization is composed of members elected by the county boards of commissioners. It meets every fourth year for the equalization of the assessment of real property among the several counties, towns, cities and villages, and annually equalizes both real and personal property returns of textile industries, canals providing power for rent or hire, and cotton seed oil and fertilizer companies.

The State Board of Assessors (composed of the Treasurer, Secretary of State, Comptroller, Attorney General and Chairman of the Board of Railroad Commissioners assesses railroad property, and also sleeping car and other car companies, and telegraph, telephone and express companies.

Georgia.

The Comptroller General assesses railroad property (including street railway, dummy and electric roads) and also express, telephone and telegraph companies. He also issues instructions to the local tax receivers.

Florida.

The Comptroller, assisted and advised by the Attorney-General and the State Treasurer, assesses railroad companies (including street railways) and also telegraph and telephone companies.

Alabama.

The State Tax Commission, established in 1907, consists of three members, appointed by the Governor, the chairman receiving a salary of \$3,000 a year, and the other members each \$2,400. It has general supervision and control over the assessment and collection of taxes.

The State Board of Assessors (composed of the Governor, Secretary of State, Auditor, Treasurer and Attorney-General) assesses railroad, telegraph and telephone companies.

Mississippi.

The Railroad Commissioners, elected for a term of four years, form a board of assessors for railroads, telegraph, telephone, express, sleeping car and other car companies.

There is no State Board of Equalization.

A State Revenue Agent is elected at the general election, to act for the State in cases of unpaid taxes and to make additional assessments.

Louisiana.

The State Board of Appraisers consists of the Auditor and one member from each congressional district appointed by the Governor, Treasurer, Attorney-General and Secretary of State. It assesses railway, telegraph, telephone, sleeping car and express companies' property.

The State Board of Equalization, established in 1906, consists of one member from each of the seven congressional districts. The first board met in January, 1907, and sent its secretary to visit the State of Illinois and examine the methods of the State Board of Equalization in this State. In July the Louisiana board adopted rules similar to those of the Illinois board, providing for six committees, as follows:

Equalization of Personal Property.

Equalization of Agricultural Lands.

Equalization of Timber Lands.

Equalization of Town and City Lots.

Assessment of Capital Stock of Corporations.

Assessment of Mineral, Mining and Oil Lands and Pipe Lines.

Texas.

There is a Board of Equalization for unorganized counties, composed of the Governor, Attorney-General and Secretary of State.

In 1905 a State Tax Board was established, composed of the Comptroller of Public Accounts, the Secretary of State, and a Tax Commissioner appointed by the Governor. This board values the intangible assets of such corporations as railroads and express companies, and apportions these assessments to counties according to business (in some cases) or mileage (in others).

Gross earnings taxes for the State are levied on express, tele-

phone, telegraph and sleeping car companies, gas, water and lighting companies, stock exchanges, and other business.

The State Tax Board has also power to examine books, records and witnesses, to secure compliance with the laws of assessment and taxation.

Oklahoma.

The State Board of Equalization consists of the Governor, State Treasurer, State Auditor, State Examiner and Inspector and Attorney-General. It acts as a board of assessors for railroads and other public service companies, such as street railways, natural gas, express, telegraph, Pullman, electric light, power, water and gas companies.

The State Auditor issues instructions to local assessors.

Arkansas.

The State Board of Railroad Commissioners (composed of the Governor, Secretary of State and Auditor of State) assesses the property of railroads, sleeping and dining car companies, express companies and telegraph companies.

The Arkansas Tax Commission, created in 1909, to continue until 1927, is composed of three members, appointed by the Governor and Senate. It meets as a State equalization board in November of each year.

Tennessee.

The State Tax Assessors (commonly known as the Railroad Commission) consists of three freeholders appointed biennially by the Governor. It assesses railroad, telegraph and telephone companies.

The Board of Equalization of Railroad Assessments is composed of the Governor, Treasurer and Secretary of State.

The State Board of Equalization, composed of the Secretary of State, Treasurer and Comptroller, equalizes at its biennial session the assessment of all properties except such as are equalized by the above board.

NORTH CENTRAL STATES.

Ohio.

Before July 1, 1910, there were in Ohio several ex officio State boards of assessment, for assessing taxes on certain classes of corporations, and also three State boards of equalization. One of the latter was established in 1825, and consisted of as many members as the State Senate who were elected and met once in ten years to equalize the value of real property.

By Act of May 24, 1910, these several boards of assessment and equalization were replaced on July 1, 1910, by a Tax Commission of three members, appointed by the Governor, and confirmed by the Senate, not more than two commissioners to be of the same political party. Each commissioner receives an annual salary of five thousand dollars, is required to devote his entire time to the duties of the office, and shall not serve on or under any political party committee.

This commission is given large powers of assessment and also some supervision over the local assessors. It will assess the value of the property of express, telegraph and telephone companies, and all other public utility companies; the capital stock of sleeping car, freight line and equipment companies, and the gross receipts from interstate business of railroads, street railways and other public utilities, and all of such corporations are required to submit detailed reports, and all other corporations are required to make certain reports. The valuations determined by the State Tax Commission are, in the case of property valuations, apportioned to the local districts as the basis of local taxation; while State taxes are also levied on the basis of gross earnings and capital stock. The commission is authorized to appoint examiners and agents to conduct investigations. It is empowered to hear complaints and to increase or decrease the value of bank shares. It receives reports from the county auditors of the local valuation of real estate, and may increase or decrease the valuation of any county, city, village or taxing district, so as to place it at its true value in money.

Indiana.

The State Board of Tax Commissioners, established in 1891, consisted of the ex officio members of the former State Board of Equalization and two salaried members. In 1907 the constitution of the board was changed to three appointed members with the Secretary of State and Auditor of State.

The Board of Tax Commissioners values the property of railroad, street railroad, express, telephone, telegraph, sleeping car and transportation companies and pipe lines. It also exercises supervision over the local assessors and hears and decides appeals from the county boards of review, made by taxpayers or assessing officers.

The board regularly holds three sessions each year. At the first, in April and May (in 1909, from April 5th to May 24th), the original valuations are placed on the property of railroads and other corporations assessed by the State Board. At the second session (in 1909, from July 6th to 17th), the board hears and acts on petitions from corporations asking for modifications of the valuations made at the first session. At the third session (in 1909, from July 19th to August 2d) it takes up and considers appeals from the decisions of county boards of review.

This board has also power to prescribe the forms of books and blanks used in the assessment and collection of taxes, to construe the tax and revenue laws of the State and give instructions to local officers when requested, to see that all assessments of property are made according to law, and to visit each county in the State once a year, to hear complaints, collect information and secure compliance with the law. Since 1894 the State Board has annually held a conference with the county assessors of the State.

In 1890, before the State Board of Commissioners was established, the assessed valuation of property for taxation in Indiana was \$553,937,774, in 1891 it was increased to \$898,600,325, a gain of 44 per cent. in one year, under the influence of the State Board. In 1904 the assessed value of real estate and improvements was \$992,354,432, and of all property subject to ad valorem taxation \$1,532,896,610, as compared with an assessed valuation of all property in Illinois of \$1,087,844,331 for the same year.

Michigan.

The State Board of Equalization, established in 1851, consists of the Lieutenant Governor, Auditor General, Secretary of State, State Treasurer and Commissioner of the Land Office. It meets once in five years to equalize the assessed valuations as between counties.

The State Board of Tax Commissioners was established in 1899, and now consists of three members, appointed by the Governor and Senate, for a term of six years, each receiving a salary of \$2,500. This board assesses the value of the property of railroads, express and certain other corporations, and determines the average rate of taxation throughout the State, which is levied against the valuations of these corporations. The Board of Tax Commissioners has also supervision over the local assessing officers; each county must be visited by at least one member of the board once in each year, to hear complaints and collect information concerning assessments.

The result of the system of State supervision in increasing assessments, especially of personal property is very marked.

Wisconsin.

A former State Board, consisting of the Secretary of State, State Treasurer and Attorney-General, met annually in May to "determine and assess the relative value of all property subject to taxation in each county."

Following the report of the Special Tax Commission of 1898 there was created in 1899 the offices of Commissioner of Taxation, and first and second Assistant Commissioners, with large powers of supervision over the system of assessment. Other acts have increased their powers, and in 1905 the organization was changed to a commission of three members, appointed by the Governor and Senate for terms of eight years, at a salary of \$5,000 each.

This commission has power to advise and direct local assessing officers, to visit counties and investigate the methods of local assessors, to review and decide appeals from county officers, and to initiate proceedings against negligent or delinquent officials. It also values the property of railroad, street railways (and light, heat and power plants in connection therewith), telegraph, express, sleeping car, freight line and equipment companies.

The system of active State supervision over local assessments produced striking results. In three years the assessment valuation of property was more than double—from \$648,035,848 in 1899, to \$1,369,811,147 in 1902. Since 1902, however, the local assessments show some relative retrogression in comparison with the State Commission's valuation.

Minnesota.

The State Board of Equalization has consisted of the Governor, Auditor of State and Attorney-General, with additional members, one from each judicial district, appointed by the Governor for a term of two years.

This board annually equalized valuations as between counties. "In order to test the valuations made below, the State Board adopted the use of an average for every class of property. * * * Where a county fell below the average established by the board the assessment was raised to the average percentage. With but little information concerning the accuracy of an assessment, classes of property were raised in different counties with the result that the individuals who had turned in fair assessments were over-assessed, as compared with people who had made a partial list of their property. Since such changes in the assessment ignored individual towns and at times even county lines, the differences in assessment between individuals and between towns were often increased rather than diminished by this method of dealing with the equalizing of the assessments."*

In 1908 the annual session of the State Board of Equalization continued from September 8th to October 10th. Changes were made in the valuation of some classes of property for every county in the State, ranging from decreases of 40 per cent. to increases of 120 per cent.†

The Minnesota Tax Commission, created in 1907 consists of three members appointed by the Governor for a term of six years, each receiving a salary of \$4,500.

It is the duty of the Commission to confer with, advise and instruct local assessors in the work of assessment, and it may direct proceedings against such taxing officers as fail to perform their duty. The members of the Commission are required to visit at least one-half of the counties annually, to inquire into the

methods of assessment and taxation and to ascertain whether the assessors faithfully discharge their duties. The power of equalizing town and county assessments is, under the Act of 1907, placed in the Tax Commission. The Commission has also power to order reassessments, to cause auditors to place omitted properties on the assessment rolls, to receive complaints and to make examinations of property and to institute proceedings where improper and negligent administration of tax laws can be remedied. Witnesses may be summoned and required to give testimony and produce such books as may be necessary in securing knowledge of the value of properties.

The law also requires the study and investigation of tax systems of other States and counties, enjoins the Commission to advise with the Governor upon the administration of the tax laws, and calls for the submission of the Commission's conclusions and findings to the Legislature as a basis for future legislation†

*Report Minnesota Tax Commission, 1908, pp. 6-7.

†Table in Rept. Minn. Tax Comm'n, 1908, pp. 226-239.

‡Report Minnesota Tax Commission, 1908, pp. 13-14.

Iowa.

The Executive Council, consisting of the Governor, Secretary, Auditor and Treasurer of State, constitutes a State Board of Review, which acts as a State Board of Equalization, for equalizing property valuations between counties, and as a Board of Assessment for assessing railway, express, sleeping and equipment car, telegraph and telephone properties.

Missouri.

The State Board of Equalization consists of the Governor, State Auditor, Treasurer, Secretary of State and Attorney General. It meets on the last Wednesday in February of each year to equalize real and personal property, and on the third Monday in April to assess, adjust and equalize the valuation of railroad property.

Kansas.

Before 1907 there was a State Board of Equalization, consisting of the Secretary of State, State Auditor and State Treasurer, and also a State Board of Railroad Assessors, consisting of the

Auditor of State, Lieutenant Governor, Secretary of State, Attorney General and State Treasurer.

By Act of 1907 (chapter 408), both of the former boards were abolished, and there was established a tax commission to take their place and with added powers. This commission consists of three members, appointed by the Governor and Senate, for terms of four years, who are to give their entire time to the duties of the office and to receive a salary of \$2,500 per year. The tax commission has general supervision over the administration of the assessment and tax laws, and over the county assessors and other local officers; it provides a uniform method of keeping the tax rolls and books, shall visit each county from time to time, and at least once in two years shall require the county assessors to meet at the State Capitol, to discuss matters relating to taxation and proposed changes in the law. The State Commission is authorized to make investigations, with power to summon witnesses to appear and testify and to produce books and papers; to direct proceedings to enforce the laws for the punishment of public officers and others for failure to comply with the tax laws or orders of the commission, and to prescribe a uniform system of accounting for the municipalities of the State. The tax commission also constitutes a State Board of Equalization, with power to equalize between persons, cities, townships and counties and to hear appeals from the action of county boards of equalization. County assessors are appointed by the boards of county commissioners, and appoint deputy assessors.

The tax commission also acts as a board of appraisers for assessing the property of railroads, car companies, telegraph, telephone and pipe line companies and determining the gross receipts of express companies.

Nebraska.

The State Board of Equalization, consisting of the Governor, Auditor of Public Accounts, Treasurer, Secretary of State and Commissioner of Public Lands and Buildings, also assesses the property of railroads and allied corporations.

South Dakota.

The State Board of Equalization consists of the Governor, Auditor, Secretary of State, Treasurer and Commissioner of School

and Public Lands. It assesses the property of railroads, telegraph, telephone, express and sleeping car companies.

North Dakota.

The State Board of Equalization is composed of the Governor, Auditor, Treasurer, Attorney General and Commissioner of Agriculture and Labor. It assesses the franchise, track and rolling stock of railroads, and also express, telephone, freight line and equipment, and sleeping and dining car companies.

WESTERN STATES.

Montana.

The State Board of Equalization consists of the Governor, Secretary of State, Treasurer, Auditor and Attorney General. It assesses the franchise, track and rolling stock of railroads.

Idaho.

The State Board of Equalization consists of the Governor, Secretary of State, Attorney General, State Auditor and State Treasurer. It assesses railroad track and rolling stock, telegraph and telephone lines and the franchises of such companies.

Wyoming.

The State Board of Equalization consists of the Secretary of State, Treasurer and Auditor. It assesses railroads, express companies, telegraph and telephone lines and car companies of all sorts. In 1903 its powers were increased. In 1909 the office of tax commissioner was established, to be appointed by the Governor and Senate for a term of two years, and to supervise the administration of all tax laws.

Colorado.

The State Board of Equalization consists of the Governor, State Auditor, State Treasurer, Secretary of State and Attorney General. This board assesses the property of railway, telegraph, telephone and sleeping and palace car companies, and adjusts irregularities in the local assessments between counties. By laws of 1901 and 1902 provision is made for an annual meeting of the county assessors at the State Capitol to compare and correct assessments.

New Mexico.

The State Board of Equalization consisted in 1902 of one taxpayer from each of the five judicial districts, appointed by the Governor. It assesses the property of railway, telegraph, telephone and sleeping car companies, and hears appeals from the county boards of equalization or from any city assessor or city council.

Arizona.

The State Board of Equalization consists of the Auditor and one member from each of the five judicial districts, appointed by the Governor and Legislative Council for a term of two years. It equalizes the assessment between counties and acts as a board of assessment for railroad property.

Utah.

The State Board of Equalization consists of four members, appointed by the Governor and Senate for a term of four years. It equalizes the valuation between the several counties and assesses the property and franchises of railroad, street railway, car, depot, telegraph and telephone companies.

Nevada.

Under the law in 1902 the county assessors met at the State Capitol to establish a uniform valuation of property. By act of 1903 there has been established a board of revenue, consisting of county assessors, with certain State officers ex-officio. The county assessors, meeting as a State Board of Assessors, determine the valuation of railroads and some other classes of property.

California.

The State Board of Equalization is composed of the State Comptroller and one member elected by each congressional district, for a term of four years, at an annual salary of \$4,000 each. It equalizes the total assessment rolls of counties and enforces all State taxes.

Oregon.

By act of 1909 there was established a Board of Tax Commissioners, consisting of three ex-officio members (Governor, Secre-

tary of State and State Treasurer) and two others to be appointed by the ex-officio members for a term of four years, at a salary of \$2,500 each. This board has general supervision of the assessment and collection of public revenues and assesses the property of public service corporations.

Washington.

The State Board of Equalization consists of the Secretary of State, Commissioner of Public Lands and Auditor and (since 1905) the members of the Tax Commission.

The Tax Commission, established in 1905, consists of three members, appointed by the Governor and Senate for a term of four years, at a salary of \$3,000 a year each. The board was given large powers of investigation and supervision of the system of taxation, and on recommendations made in its first report, important changes were made in the tax laws in 1907. The assessment of railroad property was placed in the hands of the Tax Commission, excise taxes were laid on express companies, private car companies and insurance companies, and the incorporation and license fees of corporations were increased.

**TABLE SHOWING THE COST OF STATE TAX COMMISSIONS
SO FAR AS ASCERTAINABLE.**

	Salaries, Members Only.	Other Expenses.	Total.	Year.
Alabama -----	\$10,200	\$13,539.25	\$23,739.25	1912
Connecticut -----	3,000	4,242.55	7,242.55	1912
Indiana -----	9,000	8,199.04	17,199.04	1912
Kansas -----	7,500	12,400.00	*19,900.00	1914-15
Massachusetts -----	5,000	165,044.76	170,044.70	1912
Michigan -----	-----	-----	63,801.03	1912
*Minnesota -----	13,500	23,107.48	36,607.48	1912
North Carolina -----	-----	-----	23,078.69	1912
Ohio -----	15,000	45,455.55	60,455.55	1912
Oregon -----	-----	-----	*22,000.00	1912
Texas -----	-----	-----	*4,500.00	1915
Vermont -----	-----	-----	11,207.50	1912
Washington -----	9,000	11,300.00	20,300.00	1911
West Virginia -----	-----	-----	*25,000.00	1914
Wisconsin -----	15,000	9,750.72	11,509.72	1912

*Provided for by appropriation.

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